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# **Governor's Budget Summary 1985-86**

**George Deukmejian  
Governor  
State of California**

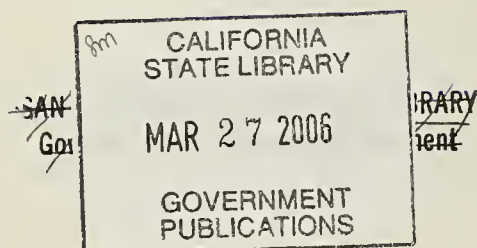




# **Governor's Budget Summary 1985-86**

Submitted by  
**George Deukmejian**  
Governor  
**State of California**

to the  
**California Legislature**  
1985-86 Regular Session





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GEORGE DEUKMEJIAN  
GOVERNOR

# State of California

GOVERNOR'S OFFICE  
SACRAMENTO, CA 95814

January 10, 1985

To the Senate and Assembly of the Legislature of California:

The 1985-86 Governor's Budget is submitted to you in compliance with Article IV, Section 12 of the State Constitution.

This Budget responds to the needs of the State while, at the same time, recognizes the responsibility that government must live within its means. It is balanced and contains no new taxes.

After a careful assessment of State spending priorities, I am proposing increased funding to several important program areas, including education, mental health, public safety, toxic waste and economic development.

The 1985-86 Budget serves as a blueprint for sound management and economic decision-making for California, not only in the coming fiscal year, but for years to come. In the next several months we may be presented with several challenges regarding our relationship with the Federal Government and the need to respond to economic changes. I am proposing to maintain a reserve fund for emergencies and economic uncertainties.

I share with you the desire to make California a safe and prosperous place for all our residents. Responsible management of California's fiscal affairs is essential to meeting this challenge.

Most cordially,

*George Deukmejian*  
George Deukmejian



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STATE OF CALIFORNIA

DEPARTMENT OF FINANCE  
OFFICE OF THE DIRECTOR  
SACRAMENTO, CA 95814-4998

GEORGE DEUKMEJIAN, Governor



January 10, 1985

The Honorable George Deukmejian  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Deukmejian:

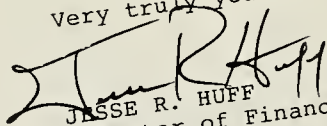
I am pleased to submit to you the Governor's Budget for 1985-86. While it represents the financial picture for the third year of your Administration, this Budget must be viewed as a dynamic document which continually changes in response to economic conditions and policy direction.

The 1983-84 Governor's Budget set the stage for the policies and goals of your Administration. In the following year, we were able to solidify policy direction and make major program adjustments based upon your priorities. In this 1985-86 Budget, we are proposing a continuation of these fiscal objectives with emphasis placed on fiscal stability, education, public health and safety, and jobs.

I believe this Budget represents a sound base from which California can continue to grow and prosper. This can be accomplished by maintaining responsible management practices and focusing on those areas where government can most efficiently respond to the needs of the people.

In my first year as Director of Finance, I have had the privilege of working with some of the most competent men and women in State service. Only through their combined efforts have we been able to assist you in developing sound fiscal policies for the State of California.

Very truly yours,

  
JESSE R. HUFF  
Director of Finance



# Policy Perspective

The Governor's 1985-86 Budget represents the third budget presented by this Administration. Like the previous two, this budget recognizes the fiscal limitations within which government must operate.

The 1983-84 Budget focused on paying off the balance of the approximate \$1.5 billion deficit inherited from the prior fiscal year and establishing new State spending priorities. The budget fostered renewed business activities and significant increases were allocated for education. The 1983-84 Budget began a process to reassess the role of state government and return economic confidence to California.

The 1984-85 Budget was a sharp contrast to the first. The fiscal crisis was over and the opportunity existed to restructure the allocation of the State's resources. Overall, the General Fund expenditure total increased by \$2.7 billion over the previous year and a prudent reserve was established for economic uncertainties. Education again was strengthened, but this time the University of California and the California State University also benefited. Additionally, a major expansion of the prison system was funded, several initiatives to encourage economic development were launched, a major mental health initiative was implemented and activities dealing with toxics were greatly strengthened.

This third budget proposes to continue the theme of fiscal solvency. By maintaining a sound financial

basis, the Governor is able to focus on the spending priorities established during the first two years in office. These areas are: financial stability, education, public safety and jobs.

The thrust of this budget is twofold: on one hand, it strives to bridle (and in some cases reduce) government growth; while on the other hand it works to strengthen the basic foundation of our economy and our way of life through increased funding for public schools, state prisons and rebuilding California.

Over 50 percent of the Governor's 1985-86 Budget is dedicated to improving the quality of education in California. This will be accomplished through such measures as fully funding reforms contained in SB 813 and providing salary levels which are comparable with other institutions of higher learning throughout the Nation. In excess of \$900 million is proposed to help meet the State's growing prison population. Additional funds are proposed to continue a partnership among the State, local government and the private sectors to repair, refurbish and rebuild the State of California. And a prudent reserve is being set aside to insure the State's ability to continue necessary programs even in times of reduced revenues.

The tables below display the amount of expenditures for State programs or functions and the amount of General and Special Fund Revenues by source.

## 1985-86 EXPENDITURE DOLLARS (in millions)

<i>Function</i>	<i>General Fund Expenditures</i>	<i>Special Fund Expenditures</i>
Education (K-12) .....	\$10,696.5	\$208.6
Health and Welfare .....	8,509.0	119.0
Higher Education .....	4,179.3	166.0
Business, Transportation and Housing .....	53.7	1,965.9
Tax Relief .....	977.9	-
Local Government Sub- ventions .....	0.5	1,906.0
Youth and Adult Correction Agency .....	1,183.1	23.1
Resources .....	397.0	302.7
State and Consumer Services .....	191.7	121.3
Other .....	1,675.3	454.1
Total .....	\$27,864.0	\$5,266.7

## 1985-86 REVENUE DOLLARS (in millions)

<i>Source</i>	<i>General Fund Revenues and Transfers</i>	<i>Special Fund Revenues and Transfers</i>
Personal Income Tax .....	\$11,165.0	-
Sales Tax .....	10,510.0	\$108.0
Bank and Corporation Taxes .....	3,950.0	-
Highway Users Taxes .....	-	2,079.0
Motor Vehicle License Fees .....	-	1,349.0
Insurance Tax .....	675.0	-
Cigarette Tax .....	180.0	77.0
Liquor Tax .....	139.8	-
Estate, Inheritance and Gift Tax .....	193.0	-
Horsereading Fees .....	122.0	20.2
Other .....	987.4	1,365.6
Total .....	\$27,922.2	\$4,998.8

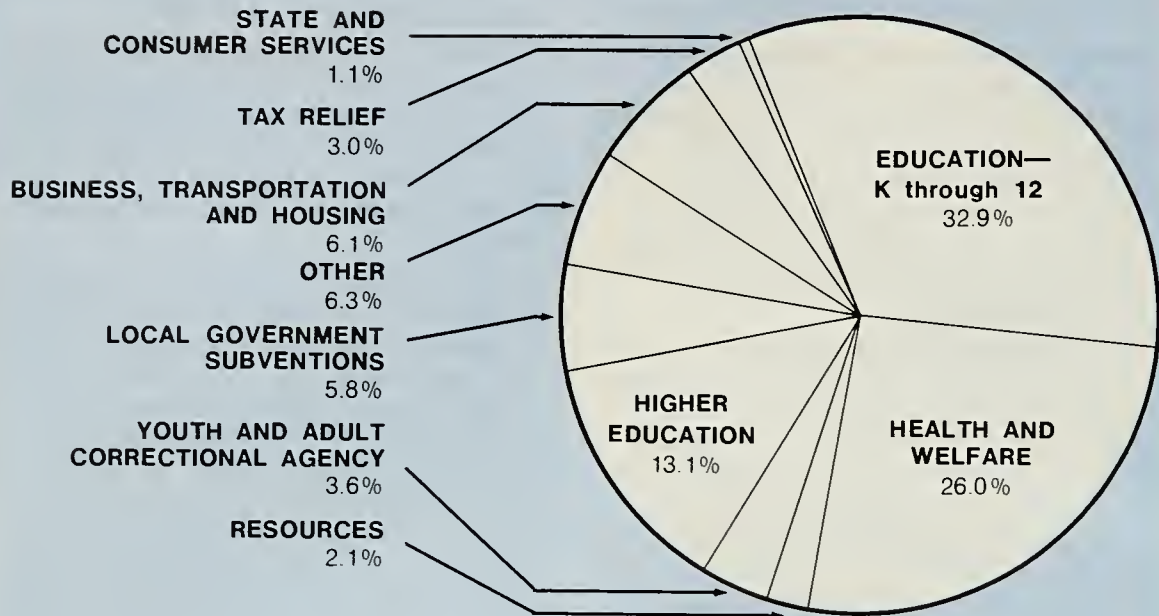


## EXPENDITURES

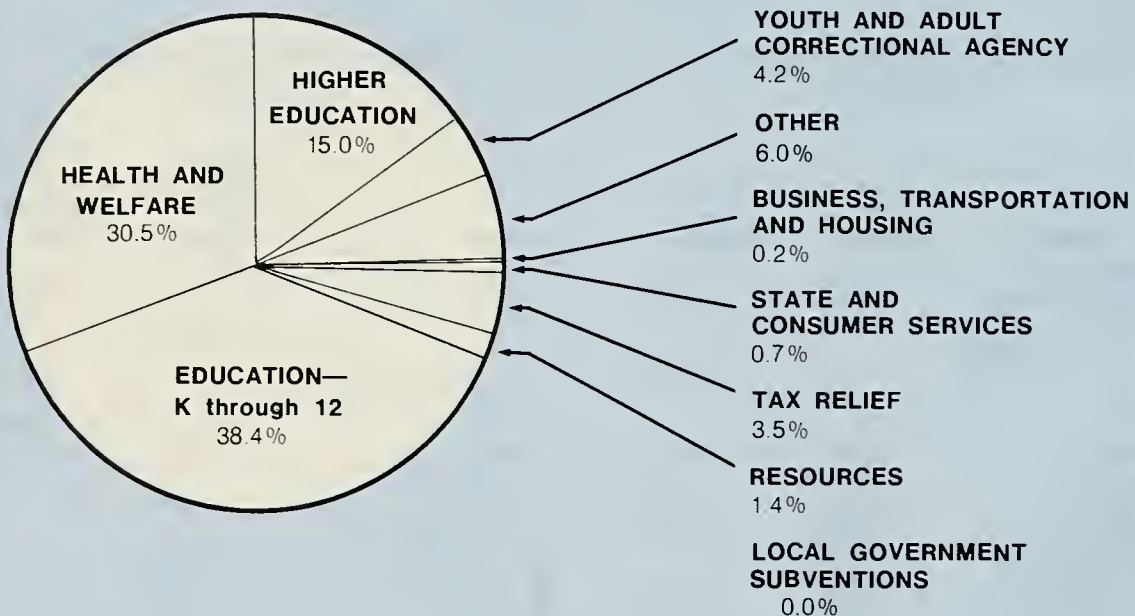
1985-86 FISCAL YEAR

### TOTAL EXPENDITURES

(Excluding Selected Bond Funds)



### GENERAL FUND EXPENDITURES



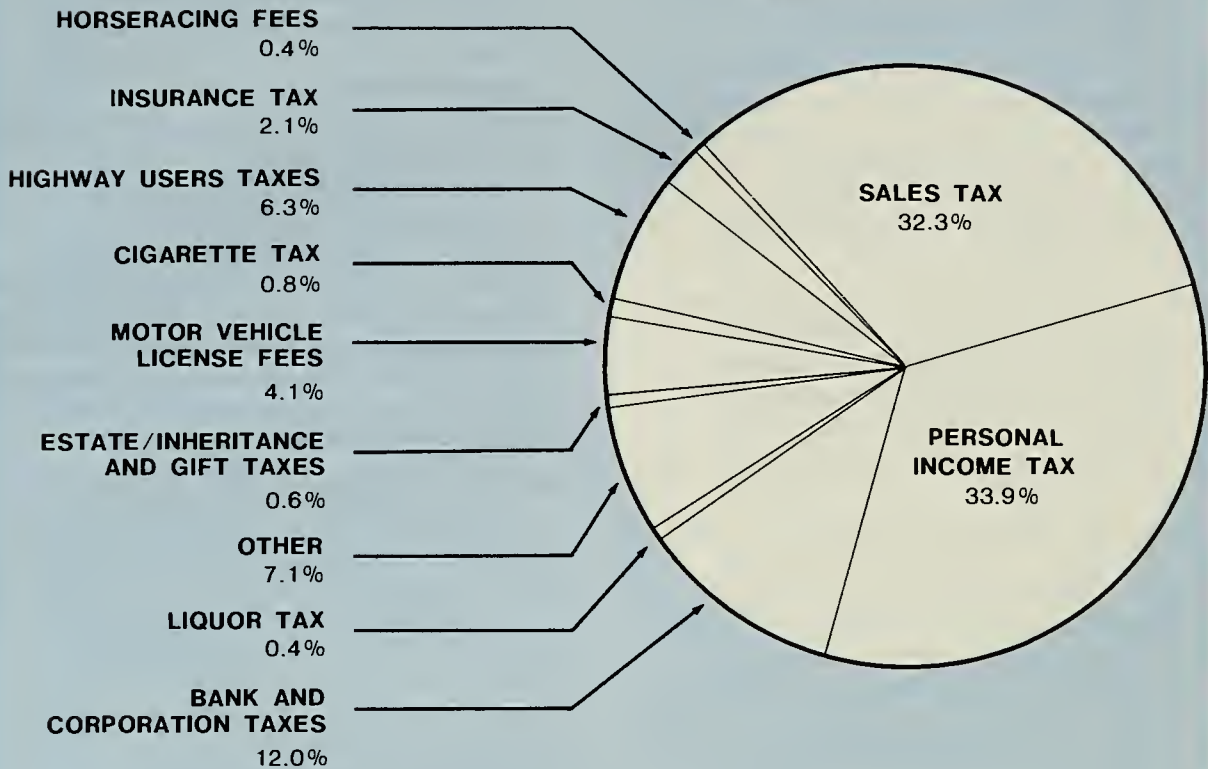




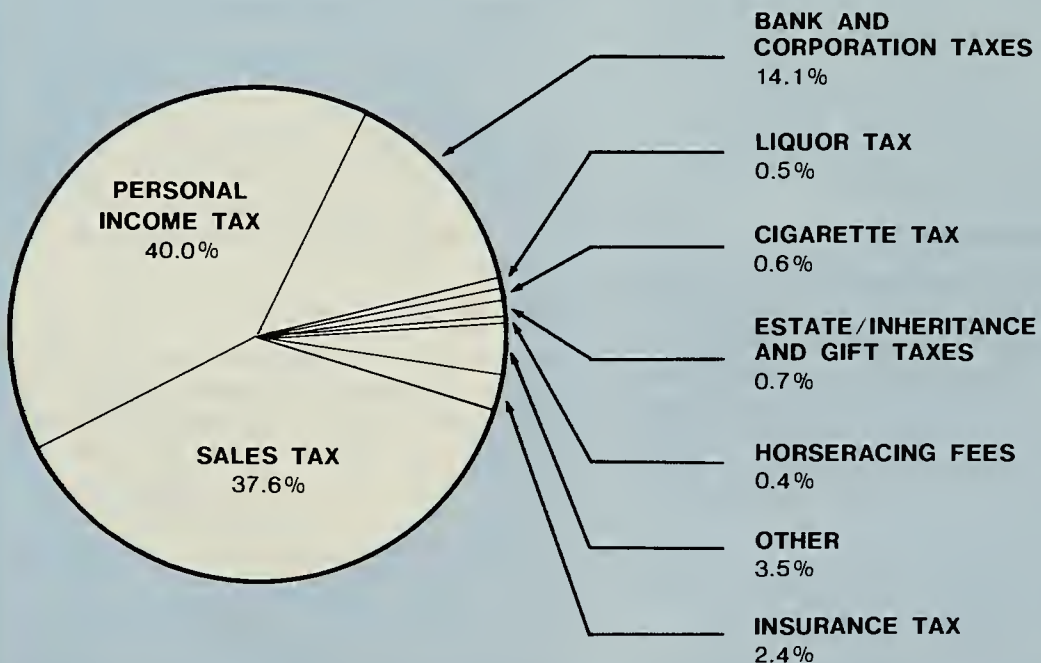
## REVENUES

1985-86 FISCAL YEAR

### TOTAL REVENUES AND TRANSFERS



### GENERAL FUND REVENUES AND TRANSFERS



## Government and the Economy

This Administration has recognized the reality that California government cannot continue to grow in the same manner it has in the past. One reason for this is the economic structure upon which California is based.

At one time, the tax structure was such that additional revenue continued to be generated regardless of whether or not the economy was in a recession. Over the last decade, however, there has been a series of tax revisions which have made the State's revenue very sensitive to economic change.

These have included tax indexing, Proposition 13, and repeal of the business inventory tax, inheritance tax and gift tax. At the same time, our economy has moved more toward a service economy wherein a greater proportion of economic transactions are not subject to the same manner of taxation.

The impact of these two changes has resulted in a leveling off, and currently is a reduction of government's share of the state's economic activities. Based on the continuing nature of the evolving economy, this trend is expected to continue into the future. While the level of change may not be dramatic, it nonetheless will require government to make more prudent judgments regarding the allocation of its resources.

Prior to 1982-83, government was locked into a growth spiral which supported high living. The 1983-84 Budget broke this spending spiral. This budget, like the first two Administration budgets, continues to avoid spending more money than it takes in; that it must maintain a prudent surplus as a cushion against unanticipated economic changes; and must aggressively continue to review the base in its efforts to recognize the changing priorities in California.

## Government Efficiency

This Administration firmly believes that government efficiency can only be achieved through proactive management practices. In 1984, the Governor established an internal Management Task Force to determine ways to make State government more efficient and responsible to its tax payers. Two primary areas of concentration of the Task Force were in automation and program evaluation and review.

**Automation.** Automation has become one of the State's most valuable tools for increasing efficiency and controlling the size and cost of government. Recent developments in information

technology, such as personal computers, office systems, and local area networks, will support further improvements in decision-making and new operational economies as State agencies adopt management methods and techniques already proven in the business sector. Automation continues to be the State's expanding frontier (see Information Technology section).

For 1984-85, the Governor budgeted approximately \$470 million for the maintenance, use and expansion of electronic data processing systems. Of this amount, \$14 million was dedicated for new electronic data processing applications. For 1985-86, an additional \$45 million plus is proposed for new information technology activities which will raise the total amount to over \$500 million for the budget year. Through the prudent and effective use of electronic data processing, government can and will be more efficient.

**Program Evaluation and Review.** This Administration, in its first budget, initiated steps necessary to realign government so it could effectively respond to the needs of all citizens. The second budget set forth a plan for a new partnership between the State and local governments. It has and continues to be a goal of this Administration to bring government closer to the people. As government becomes more localized, it is more efficient and better able to meet the unique needs of individual communities. In many instances, this means shifting certain responsibilities from the State level to the local level where a more immediate and specialized response can be delivered to all citizens.

This budget begins a process of reexamining the role of State government and the manner in which it can most effectively deliver services to the people. State entities are being asked to reassess their business practices in an effort to eliminate functions and processes that served the purpose in the past but no longer are necessary or efficient.

## Size of Government

One of the ways government is measured is by the size of its labor force and the amount of its budget. Through the implementation of modern management practices, such as automation and program realignment, a natural fallout is the decrease in the number of people required to operate government activities. Savings resulting from the enhancement of existing and the implementation of new computer systems are allowing staff reductions in a number of agencies with no loss in the quality of services provided to

the people of California. This Administration firmly believes it is not the goal nor the right of government to automatically grow larger every year. Sensible avenues of maintaining good government practices while at the same time curbing personnel growth will continue to be explored.

Over the last twenty years, the number of State employees has increased by approximately 80,000 personnel years—a 52 percent increase—while at the same time, California's population has grown by approximately 5 million—an increase of 28 percent. Government clearly has grown faster than the population rate.

One of the reasons for this growth has been government's attempt to provide additional services to meet the needs of the citizens of California. An additional reason, and one of concern to this Administration, is that government is not motivated by the concept of maximum efficiencies to ensure maximum profits as in private industry. There is no profit incentive to encourage government to be efficient. On the contrary, there are built-in rewards which encourage inefficiencies and discourage effective use of staff resources.

This budget reflects an extensive review of many governmental functions and proposes substantial reductions in personnel years. Through efforts spearheaded by the Governor's Management Task Force, 5,343 personnel years are proposed to be eliminated throughout State government by the end of the 1985–86 fiscal year. However, concurrent with this proposed cut, is an estimated increase of 2,400 personnel years occurring primarily in the State corrections area. This budget's proposed total personnel year consumption of 227,900 is a reduction of over 6,000 personnel years when compared to the revised estimate for the 1983–84 Budget year.

While this is a major accomplishment, the Administration will continue to review the activities of government with a goal in mind of using staff in the most efficient and effective manner while serving the public at an optimum level. The result will be an overall reduction in the size of government, even though the number of staff may increase in priority areas.

## **Future Direction**

While this budget proposes an expenditure plan for a specific period of time, the policies underlying the development of this budget will continue to evolve throughout the tenure of this Administration. The Governor's budget policies will

continue to insure fiscal stability for the State of California. Programs and activities will continue to be monitored to ensure their effectiveness. Those which have outlived their usefulness, accomplished their goals or can more effectively be conducted by others will be reassessed. Growth can only occur after an evaluation of the budget base to insure that necessary programs can be maintained. Emphasis will be placed on increasing productivity and government efficiency. As a governmental unit responsible to the people, it is important that the State focus on those things it does most efficiently.



## Information Technology

The budget for fiscal year 1985–86 continues the trend of the past few years toward greater reliance on information technology in California State government. The trend is fueled by recent advances in the technology itself, by the Administration's emphasis on increased productivity, and by the growing awareness of the benefits of automation.

Major emphasis is placed on acquiring personal computers to improve the productivity of individuals, installing automated office systems to increase clerical efficiency, and creating distributed networks to bring computing resources closer to the end-user. A number of agencies are replacing outdated equipment with newer, more cost-effective systems. Others are taking advantage of recent advances in information technology to bring automation to key activities that did not lend themselves to automation in the past.

Typical of the variety of information technology activities currently underway are:

- Department of Forestry's system which uses personal computers for allocating and dispatching firefighting resources.
- Teale Data Center's facilities merger, which has a projected cost saving during the first three years of \$4.5 million and annual savings thereafter of \$2.5 million.
- Automation of patient, pharmacy, and billing information in the Department of Developmental Services' hospitals through a distributed processing system.
- Completion of a major procurement within the Department of Justice for an automated fingerprint identification system which will eventually result in annual savings of \$2 million and a reduction of 90 positions.
- Establishment, on a trial basis, of a personal computer store within the Health and Welfare Data Center. In the first six months of operation, the store provided 161 systems to state agencies at a total cost savings of approximately \$390,000.

Over \$45 million for new information technology activities are included in this budget, bringing the State's total expenditures for this area to more than \$500 million for 1985–86. Direct position reductions associated with proposed information technology activities total more than 395 personnel

years. Among the major expenditure items included in the budget are:

- Nearly \$3 million for the continuation of the California identification project in the Department of Justice, and \$41,000 for that department's initiation of a project to create a statewide, centralized index of investigated child abuse.
- Approximately \$2.5 million for the implementation of enhanced voice telecommunications capabilities in the Department of Motor Vehicles; and \$9.5 million for implementation of such capabilities in the California Highway Patrol.
- \$3.1 million for the replacement of outmoded mainframe computers by the Board of Equalization to allow for projected expansion of workloads over the next few years.
- \$3 million for the expansion and enhancement of computer-assisted design capabilities for highway engineering in the Department of Transportation, and \$1.6 million for the continuation of that department's multi-year, field office automation program.
- Approximately \$1 million for a major office automation pilot project in the Department of Social Services; and \$1 million for a similar project in the State Controller's Office.
- More than \$9 million for a series of projects in the Employment Development Department related to job sharing, benefit payments, and employer insurance processing.



# Education

Education is the key to California's future if we are to continue to maintain a leadership position in our nation and the world. Elementary, secondary and higher education are among the highest priorities of State government. This Administration's goal is to make the California educational system one of the best in the nation.

Expenditures in the Governor's Budget for all educational programs total \$18,879 million, an increase of \$1,834 million or 10.8 percent over 1984-85. Included within this amount are expenditures totalling \$14,874 million representing 53.4 percent of General Fund expenditures for 1985-86. The allocation of these funds is shown in the following table:

**Education Expenditures  
General Fund, Lottery Funds, and Local  
Revenue Sources**  
(Dollars in Thousands)

	1984-85	1985-86	Percent Increase
University of California .....	\$1,457,147	\$1,634,333	12.2
California State University .....	1,151,552	1,266,950	10.0
California Community Colleges.....	1,614,475	1,754,490	8.7
Student Aid Commission .....	90,999	110,355	21.3
K-12 .....	12,376,400	13,693,600	10.6
State Teachers' Retirement System .....	336,860	399,713	18.7
Other .....	17,037	19,414	14
Total Expenditures .....	\$17,044,470	\$18,878,855	10.8

## Higher Education

California's system of public postsecondary education is the largest in the nation. The Administration's continuing focus on education is reflected in the Governor's Budget for higher education and includes a continuation of the increases in the level of funding to address problems common to the postsecondary education segments. Those problems include faculty recruitment and retention, facilities maintenance, deferred maintenance, instructional equipment replacement and instructional computing support. The Administration has uniformly dealt with these needs and has provided significant funding, as it did in 1984-85, to address the problems.

The Governor's Budget for higher education provides funding for transfer centers in the University of California (UC), California State University (CSU) and Community College budgets. These funds are intended to expand programs



promoting transfer of community college students to UC, CSU and private institutions.

## University of California

The University of California is recognized nationally and internationally for the excellence of its programs. In a recent widely respected study, the Berkeley and Los Angeles campuses were ranked number one and two in the nation among public institutions in terms of faculty quality. It is a priority of this Administration to maintain the eminence of the University system.

The Governor's Budget represents the second year of a three-year plan to restore the University's budget to a level that will ensure the continued excellence of its programs in the future. In order to remedy serious deficiencies which developed during an extended period of budgetary constraints, the plan provides for phased improvements to the instructional program and supporting functions. The budget proposes increased support for instructional equipment, instructional use of computers, libraries, building maintenance, and facilities renovation and construction. An increase is also proposed to continue faculty compensation at a level that maintains a competitive position for the University in recruiting and retaining faculty. In addition, the budget supports new research and public service initiatives to expand the University's contributions to the State, provides a temporary subsidy to the University teaching hospitals pending renovations to reduce costs and increase revenues and maintains the present reduced level of student fees for a second year.

The University will provide education to 122,594 full-time equivalent (FTE) students at the general campuses and 12,014 FTE students in the health sciences in 1985-86. This reflects an increase over the 1984-85 Budget of 3,652 FTE general campus

undergraduate students and 100 FTE general campus graduate students. The budget proposes an increase of \$16.3 million to support this enrollment increase. The additional graduate students will strengthen the University's capacity to respond to student and societal demands for the development and expansion of programs in several fields, including engineering, computer science and other sciences.

The Governor's Budget proposes a total of \$1.649 billion for support of the University, including \$1.628 billion from the State General Fund, \$7.4 million from the California State Lottery Education Fund, \$12.4 million from the Special Account for Capital Outlay and \$1.3 million from other funds. This total represents a \$191 million (13.1%) increase above the 1984-85 level of support, and includes \$89.3 million for salary and benefit increases.

**Faculty Salaries.** The Governor's Budget proposes \$87.7 million to provide salary and benefit increases for academic and staff employees that are equivalent to the increase provided to State employees, plus an additional amount to allow the University to maintain its competitive position for faculty recruitment and retention. The Administration considers this a high budget priority, since the quality of the faculty is the most important element in the quality of the University. The faculty salary increase will be phased in during the year, with a first increment effective on July 1, 1985, and a second increment on January 1, 1986, for a total increase of 8.8 percent. This increase is projected to maintain University faculty salaries at their current level of 1.5 percent above the average of the University's 8 salary comparison institutions in 1985-86.

**Instructional Equipment.** To improve instructional programs, an increase of \$12 million is provided to replace a portion of the University's inventory of obsolete instructional equipment, which now exceeds \$244 million.

**Instructional Computing.** An increase of \$6 million from the California State Lottery Education Fund is proposed for instructional computing equipment and operating costs. With this funding, the University will begin the phase-in of a multi-year plan to fully incorporate computer technology into the curriculum.

**Transfer Centers.** The Governor's Budget proposes an increase of \$750,000 for University participation in a joint initiative with the California State University and California Community Colleges to increase the number of community

college students transferring to four-year institutions. Funds will support a coordinated program designed to strengthen outreach and transitional services to community college students. This program will be especially helpful in expanding educational choice and opportunities for students from low-income and ethnic minority backgrounds, many of whom attend California Community Colleges. Increased funds of \$820,000 are also provided for existing University-coordinated programs designed to strengthen the teaching of writing and mathematics in grades K-14.

**Telecommunications Network.** An increase of \$500,000 is proposed to begin development of a library telecommunications network which will expand access to the University's on-line computerized library catalog. When in place, this network will complete the multi-year project to make holdings from the various libraries accessible to users throughout the University.

**Research Assistance.** To support basic research on issues with long-term implications for California's social and economic health, an increase of \$5 million is provided for:

- The study of toxic substances in the environment and ways to dispose of them.
- The establishment of an ongoing program in biotechnology.
- Access by researchers to high-performance, high-speed computers.
- The preservation of genetic resources.
- Research on the impacts of agricultural policies on the general economy.
- Development of information which could point to California as the site of choice for the most powerful particle accelerator (superconducting super collider) in the world, to be built and operated with federal funds.

**Teaching Hospitals.** Three of the University's teaching hospitals, those associated with counties, are experiencing financial difficulties. The problems vary from county to county but are related to changes in funding health care programs. A subsidy of \$15 million is proposed on a temporary basis. The proposed increase is part of a multi-year plan to provide for stable operation while the hospitals institute improvements in efficiency and reductions in cost and personnel. An additional \$10 million is provided for capital projects designed to contribute measurably to these goals and make the hospitals more attractive to private patients in order to increase revenues.



**Student Fees.** This Governor's Budget will allow the University to maintain student fees at their present level. It is proposed that \$12 million be provided for student financial aid. This General Fund amount will replace \$12 million of University student fee income, which currently supports financial aid and which will be redirected to support instead the cost of inflation adjustments to student services program budgets.

**Building Maintenance.** In order to make further progress in improving ongoing building maintenance, an increase of \$4 million is proposed. This increase will slow the growth in the critical maintenance projects that have to be deferred and reduce the incidence of costly and disruptive breakdowns.

**Capital Outlay.** The Governor's Budget for capital outlay represents the second year of a multi-year effort to address deficiencies that have accumulated over time in the physical plant of the University and ensure that University facilities provide the necessary support for the University's academic programs. Modern facilities are especially critical to the quality of instruction in engineering and the sciences, which in turn provides the key to California's economic future. The budget proposes a total of \$151,199,000, comprised of \$56,449,000 from the Capital Outlay Fund for Public Higher Education (COFPHE), \$84,750,000 from the sale of high technology revenue bonds for University capital projects and \$10 million from the Special Account for Capital Outlay for teaching hospital improvements. Revenue bonds will be used to fund the construction of three new engineering facilities: (1) Engineering Building Unit I on the San Diego campus; (2) the Engineering Laboratory Facility on the Irvine campus; and (3) School of Engineering and Applied Sciences expansion on the Los Angeles campus. COFPHE funds will support a wide range of projects across all campuses, focusing on high priority facility requirements which must be met in order to accommodate enrollment and preserve the quality of existing instruction and research programs. Projects include construction and renovation of academic facilities, compliance with health and life safety code requirements, correction of seismic safety deficiencies, removal of architectural barriers for the physically handicapped and renewal of utility and building systems.

## California State University

The California State University (CSU) system with its 19 campuses is the largest system of its kind in

the nation. It services over 318,000 students who are enrolled in over 120,000 different classes and confers approximately 53,000 degrees annually.

Like the budget for the University of California, the CSU budget includes a continuation of funding intended to restore the State University's budget to a level that ensures the continued excellence of its programs in the future.

Overall expenditures are proposed to increase by \$155.6 million. The Administration proposes a 1985-86 General Fund expenditure level of \$1.254 billion, an increase of \$102.3 million or 8.9 percent over the 1984-85 operating budget.

**Faculty Salaries.** The Governor's Budget proposes \$82 million to provide salary and benefit increases for academic and staff employees that are equivalent to the increase provided to State employees, plus additional amounts to allow the State University to maintain its competitive position for faculty recruitment and retention. The Administration considers this a high budget priority, since the quality of the faculty is the most important element in the quality of the State University. The average faculty salary increase will be phased in during the year, with a first increment effective on July 1, 1985, a second increment on January 1, 1986 and the third increment effective June 1, 1986, for a total estimated increase of an average 10.5 percent. This increase is predicated on the approval of a CSU proposed new group of 20 comparison institutions for 1985-86.

**Teacher Training.** The Administration has included \$4.5 million for the purpose of upgrading the quality and experience of student teachers. To accomplish this goal CSU will increase the base payment to master teachers, provide clinical supervision training to both the K-12 master teacher and the CSU faculty supervisor, provide clinical practitioners and professors for 7 campus education programs, fund experimental programs for clinical supervision and fund an evaluation component. It is expected that \$1.5 million of the \$4.5 million will come from lottery proceeds.

**Minority Underrepresentation.** The Governor's Budget contains \$7.6 million to increase minority representation in the CSU system. This program would (1) provide a summer bridge program which orients and assesses the academic skills of entering freshmen, (2) provide financial aid for graduate study and (3) provide writing and math

courses to students who score in the lowest quartile on CSU entry level exams (minorities are estimated to represent 80 percent for writing and 50 percent for math). This will be funded from lottery proceeds.

**Transfer Centers.** To provide support to community college transfer centers, the Governor's Budget includes \$750,000. UC, CSU, and community colleges all received augmentations intended to promote transfer of community college students to UC and CSU.

**Student Fees.** This budget will not require any increase in student fees as the Administration has augmented the CSU Budget by \$14.5 million. The budgeted amount will keep full-time, systemwide mandatory student fees at the current \$573 level.

**Instructional Equipment.** As the second phase of the Administration's attempt to address the problem of obsolete instructional equipment, an additional \$7 million has been included in the 1985-86 Budget. Included with the \$9 million augmentation provided in 1984-85 for this purpose, approximately \$24 million will be available in 1985-86 for instructional equipment.

**Deferred Maintenance.** The Governor's Budget proposes an additional \$3 million to reduce the backlog of critical deferred maintenance projects. In the last two years the Administration has included over \$21 million for this purpose.

**Capital Outlay.** The Governor's Budget proposes \$56,408,000 for the CSU capital outlay program, \$29,737,000 from the Capital Outlay Fund for Public Higher Education and \$16,671,000 from sale of High Technology Education Facilities Revenue Bonds. System-wide projects include energy conservation retrofits, removal of barriers to the handicapped, and fire and life safety corrections, including \$1 million for removal of hazardous asbestos. Five projects will provide equipment for facilities currently under construction. Nine projects are proposed for construction funds for new facilities, or renovation and remodeling of existing buildings to meet academic program needs at various campuses. Preliminary plans are proposed for new facilities involving engineering, science and library expansion.

Two high-technology projects are proposed: one for engineering, computer sciences, and mathematics laboratories at CSU Long Beach; and the other, an agricultural sciences building at California Polytechnic State University, San Luis

Obispo. These facilities will be funded through the sale of high technology revenue bond anticipation notes.

## California Community Colleges

By far the majority of students in postsecondary education in California attend the Community Colleges. Enrollment was 1.1 million in the fall of 1984. State General Fund support for these students and their colleges is \$1.1 billion for 1984-85. But numbers of students and dollars, however great, fail to reflect the importance of the Community Colleges to the State and to their local constituents. Currently, California's Community Colleges (CCC) have undertaken a broad array of missions including the following:

- Transfer education
- Two-year degree programs
- Certificate programs for employment
- Joint programs with business, industry and government
- Remediation and basic skills education
- Continuing and community education
- Community services

These functions represent the variety and nature of the activities currently being carried on by these institutions and represent the way in which the financial support provided from State and local sources is expended.

In January, 1984, a compromise on funding and student fees was reached with the passage of AB 470 which appropriated \$96.5 million to restore base funding to the colleges, and AB 1xx which imposed, beginning in the Fall 1984 semester, a modest \$50 fee for students taking six or more credit units. Students taking less than six units pay \$5 per unit. Fifteen million dollars were provided each year for financial aid so no potential student would be denied access to a college because of financial need. The program funding formula was also altered for both 1983-84 and 1984-85 in recognition of the fiscal problems facing districts.

The 1984-85 apportionment program budget for Community Colleges was approved at the level of \$1,567 million, a 10 percent increase over the 1983-84 program level.

Based on preliminary information, it is estimated that in 1984-85, Average Daily Attendance (ADA) will decline by 5.5 percent. If current law providing financial support to the community colleges were to be followed, \$55 million less in financial support would be provided in 1985-86.



**Statutory Formula Funding.** The Governor's Budget provides for the full funding of the statutory formula for Community College apportionments. This includes a 5.87 percent cost-of-living adjustment, equalization funding and the maximum ADA growth of 1.8 percent. This represents a General Fund increase of \$53 million over the 1984-85 funding level, a 5.1% increase despite an ADA drop of 5.5%. Even with full statutory funding, there are a number of districts that will suffer a decrease in base revenue in 1985-86. In recognition of this fact, the Administration proposes an additional General Fund augmentation of \$31.7 million. These funds will be used to cover 66 percent of the loss for those districts who lose base revenue. Including the \$36 million from lottery funds, this will be an apportionment program level of \$1,690.2 million, an 8.9 percent program increase over 1984-85. In the event the estimated ADA growth is less than the statutory maximum, the Administration will support legislation permitting the Board of Governors to allocate these funds, on a one-time basis, to augment the \$31.7 million ADA loss factor.

**Transfer Centers.** The public postsecondary educational segments share responsibility for assuring that students who have the desire and potential to earn baccalaureate degrees are offered this opportunity. At present, however, there is evidence that many Community College students are not being provided the advice and guidance needed to achieve this goal.

The Administration proposes funding a joint effort on the part of the UC, CSU and the community colleges to establish, on a pilot basis, 20 transfer centers to assist in increasing the transfer rate. These centers would be located on community college campuses which would then assume primary responsibility for the centers.

Under the transfer center concept, the CCCs would:

- Establish systems to identify potential transfer students.
- Provide orientation services and assistance in developing an academic transfer plan.
- Provide a physical location for counselors and staff to assist students with counseling and advising.
- Collect and distribute transfer information.

For their role in transfer centers, UC and CSU would:

- Provide staff to meet with potential transfer students at community college campus transfer centers to assess their academic backgrounds.
- Outline transfer options.
- Schedule pre-application appointments and interviews for potential transfer students.
- Schedule campus tours and workshops on transfer procedures.
- Assist in completing applications for admission, financial aid and housing.

An evaluation will be performed on the success of the transfer center concept. A total of \$3.3 million is proposed—\$1.8 million for the community colleges and \$750,000 each for UC and CSU.

In addition, the Administration proposes to dedicate 500 new Cal Grant A awards and 250 new Cal Grant B awards through the Student Aid Commission for the 1985-86 academic year to needy community college students who transfer to a four-year college.

**Other Programs and Services.** Also, the Governor's Budget for 1985-86, includes a 4 percent cost-of-living increase for Extended Opportunity Programs and Services (EOPS) and for the Handicapped Students Program and Services (HSPS). The cost will be \$1.1 million for EOPS and \$.9 million for HSPS.

Other expenditures include:

- An expansion of the Employer-Based Training Program from \$1.9 million to \$3.9 million.
- A \$1.5 million augmentation to fund the second year of the Counselor and Instructor In-Service Training Program established in AB 3938 (Chapter 1662, Statutes of 1984).

**Capital Outlay.** The Governor's Budget proposes \$26,797,000 for the Community Colleges Capital Outlay Program. This proposed expenditure will fund 17 projects including 2 for elimination of architectural barriers to the physically handicapped, 6 for equipping construction projects currently underway, 4 energy conservation projects, 2 site development projects for new campuses and \$1 million for the removal of asbestos hazards.

Ten construction projects requiring \$16,858,000 are proposed to improve and expand academic facilities at various campuses. These include initial permanent buildings for Lake Tahoe College and the Mendocino Coast Education Center.

Funds in the amount of \$1,288,000 are requested for other projects which involve planning and working drawing funds for buildings at Glendale

and Saddleback Colleges, a vocational education building for the Coachella Valley, Copper Mountain Center and permanent buildings at Mira Costa's San Dieguito Center. Detailed information on projects can be found within the budget presentation.

### **Student Aid Commission**

Through the Student Aid Commission, financial assistance is provided to academically able, financially needy students who are pursuing postsecondary educational opportunities. In 1984–85, the Commission will administer approximately \$96.8 million in grant assistance to over 63,000 students. In 1985–86, the grants administered by the Commission will total \$115 million with over 65,000 students receiving aid. Both amounts include Federal funds.

In addition to the grant programs, the Commission administers the State Guaranteed Student Loan program and serves as the State guarantee agency for federally reinsured student loans. This rapidly expanding program is expected to generate approximately \$660 million in new loans during 1984–85, bringing the total of the program to over \$2 billion as of June 30, 1985.

While the current investment in educational opportunities provided by the State is substantial, the need for access and educational opportunity is also substantial if California is to develop its most valuable resource—its citizens. The grant and scholarship programs which the Commission manages received the first increases in almost a decade in numbers of new awards in 1984–85. In addition, the maximum amount of awards was increased for the first time in three years.

The Governor's Budget proposes continued augmentations to increase assistance to educationally qualified and needy students in order that opportunities for higher education will be expanded. This increased assistance will provide:

**Scholarship Program (Cal Grant A).** One thousand (1,000) new grants, 500 of which will be dedicated to Community College students transferring to a four-year college and a 10 percent increase in maximum award amounts.

**College Opportunity Grants (Cal Grant B).** Seven hundred fifty (750) new grants, 250 of which will be dedicated to Community College transfer students, and a 10 percent increase in the award maximum for fees and tuition with a 6 percent increase in the subsistence allowance.

**Occupational Education and Training Grants (Cal Grant C).** One hundred fifty (150) new grants and a 6 percent increase in the maximum award amount.

**Graduate Fellowship Program.** A 6 percent increase in the maximum award amount.

**Bilingual Awards.** Forty (40) new awards and a 6 percent increase in the maximum award.

**Award Totals.** The above increases for new awards and increased award maximums will result in a \$12.3 million augmentation totalling \$115.0 million available for all awards in 1985–86. This includes a baseline adjustment of \$5.9 million.

**Guaranteed Loan Program.** In 1985–86 the loan volume is expected to provide \$650 million for 250,000 students. In addition, \$99.9 million is budgeted to purchase defaulted loans of which \$97.1 million will be recovered from the federal government.

**Teacher Shortage Loan Assumption Program.** Chapter 498, Statutes of 1983 authorized this program to purchase outstanding loans in an effort to attract and retain teachers in areas of critical shortage such as math and science. 1985–86 will be the first year of loan assumptions and \$1 million is provided for the purchase of 500 loans.



## Elementary and Secondary Education

Providing a quality education for the young people of this State continues to be one of the highest priorities of this Administration. The Governor's Budget reflects the Administration's commitment to ensuring that California's education system will be among the best in the nation.

California has a large elementary and secondary (K–12) education system. Its 1,029 local school districts spend over \$14 billion annually to educate approximately 4.2 million students ranging in age from 3 to 18 years, and to educate adults through the K–12 districts and county offices of education.

In the 1983–84 fiscal year the Governor signed Chapter 498, Statutes of 1983 (SB 813), which initiated reforms in the areas of student academic performance and discipline, curriculum and quality of teachers. To assist local education agencies in implementing those reforms, the Governor approved substantial increases in K–12 education funding in 1983–84 and 1984–85. With the enactment of SB 813, local education agencies received more than \$900 million of new revenue in 1983–84 and are expected to receive an additional \$1,300 million of new revenue in 1984–85.

In keeping with his commitment to improve the quality of K–12 education in this State, the Governor, in 1985–86, is proposing to: continue the funding provided by SB 813 and the 1984 Budget Act and to add \$1,073 million to provide for necessary price adjustments; implement the second phase of the SB 813 plan to lengthen the school day; provide additional aid to low-wealth school districts consistent with the *Serrano* decision; continue School Improvement Program funding expansion and equalization; add a writing skills component to the California Assessment Program examinations; and implement part of the Governor's three-year plan for addressing the needs of the special education program. With this addition in 1985–86, the Governor will have provided more than \$6 billion of new revenue for K–12 education in his three years in office.

### School Finance

Total revenues for the State's K–12 school districts are expected to be \$1,300 million greater in 1984–85 than in 1983–84. Total general purpose revenues of school districts and county offices of education alone are estimated to be \$9,860 million in 1984–85. The Governor's Budget for 1985–86 reflects \$10,763 million for K–12 general purpose

revenues and \$2,633 million of State funding and local property taxes for categorical programs.

This general increase in funding, together with the full funding of the third-year costs of SB 813 and the Administration's proposals for 1985–86, will bring real expenditures per pupil in average daily attendance (ADA) to a nine-year high:

- Expenditures per ADA are estimated to increase from \$2,360 in 1982–83 to \$3,065 in 1985–86, an increase over the first three years of this Administration of \$705 or 29.9 percent.
- Even when compared in terms of constant dollars—with the effects of inflation removed—the 1985–86 Budget provides an increase in funding over the previous 8 years. As the following table indicates, taking 1977–78, the last pre-Proposition 13 year, as the base year and adjusting subsequent K–12 annual expenditure levels to remove the impact of inflation, the Governor's 1985–86 Budget provides an 11.4 percent increase in funding per pupil.
- The increases since 1982–83 are particularly significant since they reversed the general decline in real spending which had been underway since 1979–80. A nine-year history of K–12 education expenditures and the cost-of-living index is displayed in the following table.

	<i>K-12 Expenditures per ADA (Dollars)</i>	<i>GNP Deflator (1977-78 = 100)</i>	<i>Real K-12 Expenditures per ADA (in 1977-78 Dollars)</i>
1977–78.....	\$1,676	100.0	\$1,676
1978–79.....	1,814	108.6	1,670
1979–80.....	2,065	117.8	1,753
1980–81.....	2,204	129.4	1,705
1981–82.....	2,358	140.0	1,689
1982–83.....	2,360	146.3	1,613
1983–84.....	2,571	151.7	1,695
1984–85.....	2,825	157.5*	1,794
1985–86.....	3,065	164.2*	1,867
Percentage Change 1977–78 to 1985–86	82.9	64.2	11.4

\* Estimated.

Under the Governor's Budget, all K–12 programs with statutory cost-of-living adjustments (COLAs) would receive the statutory COLA (generally 5.95 percent) and other K–12 programs would receive a 4 percent increase. In keeping with the spirit of the *Serrano* decision, many low-wealth school districts also would receive \$21 million to increase their base revenue limits to the average base revenue limit for districts of the same type.

## Special Education

The special education program serves 370,000 pupils statewide at a cost of approximately \$1.4 billion. Since Fiscal Year 1980–81, the special education program has experienced significant annual deficiencies that have created hardships for many local education agencies.

As part of a commitment to improve the quality of special education, the Governor is proposing a three-year, \$180 million plan to provide additional funding for the special education program and to adopt reforms desired by the Administration. In 1985–86, \$60 million is being provided to address the most immediate of the unmet needs in this program. In brief, the budget proposes:

- \$3 million to fund the 1984–85 program deficiency.
- \$27 million to fund all 1985–86 base entitlements, including special transportation.
- \$10 million to fund program growth.
- \$5 million for expansion of the infant program, more than doubling the current program.
- \$5 million for additional instructional aides in severely handicapped classes.
- \$5 million for specialized equipment for pupils with low-incidence disabilities.
- \$3.5 million for vocational education for handicapped pupils.
- \$500,000 to establish a statewide curriculum for prevention of developmental disabilities and birth defects.
- \$3.5 million for incentives for county offices of education to lengthen their school day and year for special day classes.
- Adoption of State cost accounting requirements.
- Increasing the use of child study teams to assure appropriate placement of pupils with learning problems. It is the Administration's expectation that increased use of child study teams will reduce the overall cost of the special education programs.
- Strengthening the eligibility criteria relating to speech and language disorders and learning disabilities.

## Capital Outlay

The Governor's Budget recognizes that adequate school facilities are an essential part of California's education system. With this in mind, the budget provides over \$245 million in new authorizations

for school construction, \$71 million for school facility deferred maintenance and \$10 million for abatement of asbestos in 1985–86.



## Lottery

Proposition 37 amended the California Constitution to authorize establishment of a statewide lottery, and enacted on initiative statute which provided for the establishment of a state-operated lottery. The California State Lottery Act of 1984 is the designated name of the new program. The Act's purpose is to provide additional funds for public education "without the imposition of additional or increased taxes."

## Administration

The administration of the lottery will be by a five-person Commission appointed by the Governor with concurrence of the State Senate. The initiative grants full powers to the Commission to carry out the lottery, in accordance with specified conditions. For example, the Commission is directed to "take into account the particularly sensitive nature of the California State Lottery and shall act to promote and ensure integrity, security, honesty, and fairness in the operation and administration of the Lottery." The initiative grants the Legislature the authority to amend the Act if the amendment furthers the purposes of the initiative. The Administration will recommend the Legislature withhold any changes until there is time to consult with the Lottery Commission.

## Allocation of Revenues

The initiative provides for the following allocation of lottery revenues:

- 50 percent shall be returned to the public in the form of prizes.
- *Not less than* 34 percent shall be allocated to the benefit of public education.
- *No more than* 16 percent may be allocated for payment of lottery expenses. If the expenses of the lottery are less than 16 percent of revenues, the difference must also be allocated to public education.

Actual payments of revenues from the lottery are to be made to each segment of education on a per capita basis. It is estimated, based on the proportion of each segment to the total, that revenues will be allocated as follows:

- K-12 ..... 81.0%
- Community Colleges ..... 12.0%
- California State University ..... 4.5%
- University of California ..... 2.5%

## Revenues

Since the lottery will not be operative at the time the 1985-86 Budget is submitted, it is impossible to provide a firm estimate of revenues which will be generated; however, it has been assumed that approximately \$300 million will be available to education for 1985-86. This is lower than generally has been assumed, but is reasonable given that 1985-86 will be the first full year of the new program. If \$300 million becomes available for education, that amount will break down to approximately \$55.00 per student. Since no one can be certain as to how successful the lottery will be, the Administration will recommend that the proceeds be limited to funding programs which do not have required costs beyond 1985-86. This would include items such as textbooks, instructional computers, science lab equipment, deferred maintenance and library/other supply acquisitions. This has been proposed for the California State University and University of California systems which are under the direct control of the budget.

# Public Safety

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A primary focus of this Administration has been the safety and security of California citizens. While the crime rate has leveled off and even decreased in some categories, the fact still remains that over one million persons are the victims of violent crimes every year.

A balanced criminal justice system must include support for the functions required to apprehend, prosecute and incarcerate offenders. Equally important are programs aimed at preventing crimes before they occur and assisting those who become victims and witnesses of criminal acts.

The 1985–86 Governor's Budget proposes increased spending levels in many public safety areas. Additional resources are being directed for such programs as prison construction, automation, increased financial assistance for training local law enforcement personnel and victim/witness services.

## State Corrections

The Department of Corrections is responsible for providing safe and secure detention facilities for the control, care and treatment of convicted felons and civilly committed nonfelon narcotic addicts. The department carries out this responsibility through the operation of 13 correctional institutions, 3 reception centers and 33 camps.

**Program Support and Efficiencies.** To help meet the inmate population housing and program support needs at these facilities, a total of \$912 million is proposed in the Governor's Budget which reflects the following adjustments.

- An increase of \$78 million in additional funding and 1,068 personnel years to provide custody, security and inmate support costs to handle the additional 4,775 growth in inmate population.
- \$6 million in new money and 119 personnel years to meet increased parole supervision workload.
- A reduction of \$5.9 million and 152 personnel years to implement efficiencies within the institutional and parole operations.
- A reduction of \$3 million and 87 personnel years to properly align inmate to instructor ratios with the actual average daily attendance of inmates within the department's academic and vocational classes.



**Health Care and Licensing Standards.** To ensure the delivery of appropriate health care and meet licensing standards at the Department of Corrections' prison hospitals, an augmentation of \$4.5 million and 108 personnel years is proposed in 1985–86. This level of augmentation is needed to: correct over 650 deficiencies noted by the Department of Health Services during preclicensing surveys conducted between June and August 1984; and negate current litigation involving the Department of Corrections which alleges sub-standard health care conditions within the State's prison hospital system. Additionally, these resources will provide the staffing, equipment and capital outlay resources to maintain licensure at the San Quentin Prison hospital and achieve licensure for three other prison hospitals located at the California Medical Facility, the California Men's Colony and the California Institution for Men.

## Youth Authority

The primary objectives of the Youth Authority are to protect society from criminal and delinquent behavior by young people and to provide training and treatment directed toward helping these youths become useful and productive citizens. The Governor's Budget provides \$276 million and 4,306 personnel years to accommodate ward population increases in 10 institutions and 8 conservation camps.

The Governor's Budget includes:

- \$4.2 million and 61 personnel years to accommodate a population increase of 315 wards in the current year and 125 wards in the budget year.
- Reductions of \$362,000 and 16 teacher positions to align the number of budgeted academic and vocational teachers with the actual level of classroom attendance based on an analysis of

the formulas used for budgeting vocational and academic staff.

- Reductions of \$1.7 million and 64 personnel years for operating efficiencies identified in the Institutions and Camps, Parole Services and Administrative Services programs which can be accomplished without adversely impacting the levels of service.

## Local Detention

Local detention facilities, like our State prison system, face increasing jail overcrowding and the need for additional bed capacity. Training and resources are priority areas to insure personnel and inmate safety and welfare. The Governor's Budget proposes:

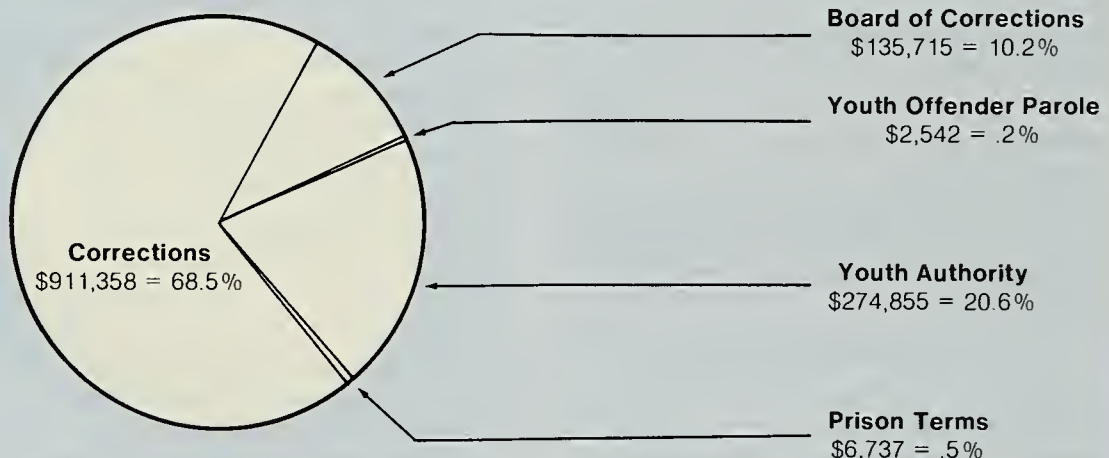
- \$125 million in continued assistance for the County Jail Capital Construction Program provided through a bond sale. This bond sale is the second stage in expending the \$280 million authorized under Proposition 2 (passed in 1982) and \$250 million authorized by Proposition 16 (passed in 1984) for the construction of county jail facilities.
- \$8.8 million for continued assistance to counties for training of local correctional and probation personnel.

## Prison Construction

The California Prison System continues to experience serious pressure from the growth of the inmate population. As increasing numbers of felons are being committed to the custody of the Department of Corrections, the need for inmate housing has drastically exceeded the Department's ability to accommodate prisoners. For example, between June 1981 and June 1984, the inmate population increased from 27,000 to 42,000 inmates and is projected to reach 52,600 by June 1986. California's existing prisons are only designed to house 27,400 inmates. Projects to be completed in the current year will raise the design capacity to 30,000.

**New Construction.** To meet current and projected inmate housing requirements, the Department of Corrections is in the process of planning and constructing 10 new prisons at various locations throughout the State. In addition, the Department is addressing the situation through major additions and remodeling projects at 2 existing institutions, construction of 8 new conservation based work camps and siting of modular facilities at 3 existing institutions. Collectively, these projects are to provide 19,420 new beds to the prison system prior to the end of

**Figure 1**  
**Youth and Adult Correctional Agency**  
**Proposed 1985-86 Expenditures**  
**Amounts in Thousands**  
**(All Funds)**





the 1987 calendar year for a total design capacity of nearly 47,000 beds.

Financing the \$1.2 billion cost for this New Prison Construction Program is provided primarily through the 1981 and 1984 prison construction bond acts, totaling \$795 million. In addition, Chapter 1743, Statutes of 1984, authorizes financing of construction for 2 prisons, up to a ceiling of \$300 million, through private-sector based lease-purchase methods. Through the combination of prior General Fund appropriations, general obligation bonds and lease-purchase authorizations, sufficient funding will be in place to complete 8 of the 10 new prisons and all planning, land acquisition and partial construction for the other 2. It is anticipated the balance of construction costs for the 2 remaining new prisons will be financed through additional lease-purchase authorization or possible tidelands oil settlement proceeds.

Because the 1981 and 1984 prison bonds are almost fully appropriated, the Governor's Budget proposes that \$10 million from the Special Account for Capital Outlay be reserved for construction cost increases for projects already appropriated from the bonds.

**Existing Facility Renovation.** The current prison population expansion also puts a severe strain on existing institutions. The accelerated deterioration associated with prolonged overcrowding conditions, combined with court decisions which specify conditions under which inmates may be housed, requires major capital outlay improvements to several existing facilities.

Provisions in the Governor's Budget to upgrade the State's existing prison facilities include:

- Several projects to improve the sewage and water systems.
- The expansion of areas such as visiting rooms, dining halls and warehouses to accommodate the needs associated with the higher inmate population.

Additionally, current year efforts include:

- An extensive renovation effort at the San Quentin State Prison.
- Studies of the emergency electrical systems and the status of the existing prison facilities with respect to fire and life safety and seismic code requirements.

## Department of Justice

The Department of Justice, through the constitutional office of the Attorney General, is responsible for ensuring the uniform interpretation and enforcement of laws and for representing the State in civil and criminal proceedings. The Governor's Budget proposes increases of \$11.6 million in new spending, continuation of 71 limited-term positions and 28.6 new positions to implement programs, expand existing systems and meet workload increases. This proposal represents a 7.4 percent increase over the 1984-85 level. Significant budget provisions include:

### California Automated Identification System.

\$2,957,000 (\$1,421,000 General Fund and \$1,536,000 Special Fund) is proposed for the expansion of the California Automated Identification System (CAL-ID).

CAL-ID is one of the most modern and sophisticated criminal identification programs in operation in the United States. The system is an integrated plan which includes the automation of the name index file, a register of any person with a record of criminal activity in this State and automation of the Fingerprint Identification System. CAL-ID will cost an estimated \$22.5 million over the next 5 years. The system will result in savings of \$5 million and the reduction of 90 positions over the next 5 years. The approximate \$3 million proposed in this budget will be used to purchase initial equipment from NEC Information System, Inc. Through the automation program, 15 positions will be eliminated during the budget year.

CAL-ID includes several subsystems, such as the Automated Latent Fingerprint System (ALPS). Begun as a pilot program in January 1980, ALPS now provides 52 counties with "cold search" capability. This procedure, used in cases where there is no known suspect, involves matching a fingerprint taken at the scene of the crime against all prints in the system. The Governor's Budget provides funds to make this criminal identification service available statewide.

**Forensic Laboratories.** \$742,000 is proposed to replace obsolete equipment in the Bureau of Forensic Services' criminology laboratories. Most of this new equipment will enable the Department of Justice to have a more rapid response time to local law enforcement agencies seeking analysis of various items of evidence.

The 1985-86 allocation represents the first year of a three-year effort to significantly upgrade and modernize the Department's laboratory facilities. Once complete, California will have one of the

most modern criminalistics laboratories in the nation.

**Office Automation.** \$1,392,000 is proposed for the second year funding of the Office Automation project. This automation project will improve internal management practices and specifically assist in tracking legal case decisions. The proposed budget year funding will provide for the continuation of 130 terminals for executive, law enforcement and administrative staff, plus 150 new terminals to augment administration and expand the project to the legal divisions.

**Medi-Cal Fraud.** \$870,000 (\$218,000 General Fund and \$652,000 Federal Funds) and nine positions are proposed to comply with Federal mandates in the Medi-Cal Fraud program. This unit has primary responsibility for the investigation and prosecution of Medi-Cal provider violations.

**Campaign Against Marijuana Planting.** \$800,000 is proposed for helicopter services for the Campaign Against Marijuana Planting Program (CAMP). During 1984 the Department of Justice, with the assistance of local law enforcement agencies from 37 counties, eradicated approximately 150,000 plants weighing over one million pounds and having a potential street value of over \$300 million.

**Additional Staff.** A total of 22 attorneys and 3 paralegals is proposed to handle increased workload in the civil, criminal, natural resources, anti-trust, tort and condemnation programs. Additional funding also is provided for 54 limited-term positions to continue the marijuana record purge program.

## Criminal Justice Services

**Victim/Witness Services.** The Citizens Indemnification Program, administered by the Board of Control, indemnifies citizens who are injured and/or suffer financial hardship as a result of crimes of violence. The 1985–86 Budget proposes \$19,182,000 to support this program, a 10% expenditure level increase over the 1984–85 fiscal year.

The 1985–86 Budget also includes \$60,000 for increased overtime funding to speed up claim-processing procedures. In addition, the Board, in cooperation with the Office of Criminal Justice Planning and local victim/witness centers, is pursuing alternative procedures to further improve the efficiency of processing victim claims through the victims/witness centers.

**Domestic Violence Prevention.** Through the Office of Criminal Justice Planning, \$1.6 million in additional funds is proposed to provide support and technical assistance to local communities to reduce domestic violence incidents. This will bring the funding level to \$1.8 million. The program will be expanded to include 6 new family violence programs in unserved areas and also will provide additional funding for 9 to 12 existing centers which are unable to meet the current demands for services.

**Gang Suppression.** Through the Office of Criminal Justice Planning, \$800,000 is proposed for the Gang Suppression Program which will assist local law enforcement agencies, local district attorney offices and community-based programs in reducing the incidence of gang violence.

**Child Sexual Assault Prosecution.** Through the Office of Criminal Justice Planning, \$1.5 million is proposed to establish a new Child Sexual Assault Prosecution Program. This program will provide support to local district attorney offices to conduct vertical prosecution of repeat child sexual assault offenders. Because of the sensitivities of this type of crime, efforts will continue to be made to address the special concerns for the welfare of child victims.

## California Highway Patrol

The California Highway Patrol (CHP) is responsible for assuring the safe and efficient transportation of people and goods on the State's highway system. The primary objectives of the CHP are to minimize injuries, deaths and property losses resulting from traffic accidents; to minimize traffic delays; and to provide protection and assistance to the motoring public.

The total 1985–86 Budget for the CHP is proposed at \$426,641,000 and 7,627.5 personnel years. Significant adjustments in 1985–86 include the following:

- To improve services, the CHP is proposing to implement various administrative and operational efficiency measures which will result in the reduction of 128.5 personnel years from the 1984–85 budgeted level. These reductions include eliminating 20.1 personnel years in uniformed administrative personnel.
- Traffic officer road patrol hours are proposed to increase from 3,707,000 in 1984–85 to 3,797,000 in 1985–86. This increase reflects the graduation in 1984–85 of the final complement of traffic officers authorized by Chapter 933, Statutes of 1981 (AB 202). 1985–86 will be the first year



that the full complement of 670 officers will be deployed for the entire year.

- Four fixed-wing aircraft are proposed in the budget. These aircraft will provide for greater speed, mobility and versatility than is currently provided by ground patrol units in monitoring traffic and other ground situations, primarily in rural areas. Use of these aircraft in rural areas, rather than additional road patrol officers, represents an efficiency or savings of more than 11,000 road patrol hours.
- Increases of approximately \$11.8 million are proposed for enhanced and expanded telecommunication and data processing capabilities to provide for better service using management information systems, word processing and microcomputer technology. These augmentations will also provide the CHP with expanded radio communication to provide for greater responsiveness and expanded areas of coverage.

The budget also includes funds for 1,348 replacement and 42 additional vehicles to provide patrol staff with a more responsive fleet. These and other changes will result in maintaining a high level of motorist safety on California's roadways.

In order to protect the public from the potential danger of unsafe transportation of hazardous substances and the operation of unsafe commercial vehicles, the Governor's Budget proposes:

- To continue expenditures of more than \$3 million and 60.3 personnel years for the inspection of vehicles and terminals involved in the transportation of hazardous materials.
- To continue expenditures in excess of \$26 million and 441.3 personnel years for commercial vehicle and motor carrier (truck/bus) inspection and enforcement.

These efficiency measures and other actions proposed in this budget reflect a commitment to provide the necessary resources for increased public safety and law enforcement in California.

## **Peace Officers**

Peace officers occupy one of the most challenging and demanding of all occupations; not only do they have the responsibility of ensuring public safety, but they must do so within an environment of stringent procedural requirements designed to protect citizens' rights. To maintain this fine line between responsibility and rights, selection and training of peace officers are crucial tasks.

The Commission on Peace Officer Standards and Training was created for the purpose of raising the level of competence of local law enforcement officers by establishing minimum standards for their selection and training.

In 1985-86, the Governor's Budget proposes to increase subventions to local agencies for peace officer training by \$7.7 million. This amount will provide 100 percent reimbursement of agency costs required to temporarily fill-in behind an estimated 40,000 officers who are taking training courses. In addition, \$1.3 million has been included in the budget for specialized training of officers.

## **Natural Disaster and Emergency Response**

The Public Safety function also includes natural disaster response and assistance programs. Because California's geographic, climate and population characteristics combine to make it susceptible to emergencies, the role of the Office of Emergency Services (OES) is especially critical for assuring public safety through coordination of financial assistance and staff and equipment resources from all levels of government.

The Governor's Budget proposes an additional \$1 million, the continuation of 13 limited-term positions and 4 new positions in 1985-86 to strengthen the State's natural disaster and emergency response capacity. Significant program enhancements include:

- Continuation of the Southern California Earthquake Preparedness Project (SCEPP) to provide comprehensive planning in the event of a catastrophic earthquake.
- Installation of the final phase of an 800 MHz emergency radio system for 12 state agencies which require separate channels for emergency operations. Under the Federal deadline for this project, the system must be installed and the channels loaded by 1986 or Federal authorization to use the channels will be revoked.

## Judicial \*

Article VI of the Constitution creates the Supreme Court and the Courts of Appeal to exercise the judicial power of the State at the appellate level. In addition, the Article establishes the Judicial Council to oversee and administer the State's Judicial system.

The Judicial Branch is proposing a 1985–86 funding level of \$69.2 million, a 25.5 percent increase over 1984–85. Proposed expenditure areas include:

- An increase of \$4.7 million to extend the court-appointed counsel pilot projects statewide and to provide increased compensation to counsel.
- \$4.5 million for a fully integrated office automation system. The system will improve and enhance word processing capabilities and expand staff access to case tracking.
- \$402,000 and 11.8 positions for the Clerk's Office, and \$1.1 million and 26.5 positions for the Courts of Appeal. In addition, 7 new attorney positions are proposed in the Supreme Court to expand research capabilities.

**Salaries of Superior Court Judges.** The State provides assistance to counties to fund salaries and health/dental benefits for the State's 687 Superior Court judges. Legislation enacted in the 1984 Legislative Session increased the number of judgeships from 657 to 687. The State's share of salaries paid to judges in each county is based on the population of the county. In 1985–86 the average salary for a Superior Court judge will be \$64,128.

The 1985–86 budget includes approximately \$2 million for the additional 30 new Superior Court judgeships. The State's share of the Superior Court judges' salaries for 1985–86 is approximately \$45 million. Salary savings are identified in the budget and are used to pay expenses of persons temporarily assigned by the Chief Justice of the Supreme Court to serve as Superior Court judges to handle temporary workload increases.

**State Block Grants for Superior Court Judgeships.** This program provides assistance to counties in the form of a \$60,000 block grant for each Superior Court judgeship created by statutes enacted since January 1, 1973. In the 1984 Legislative Session, 30 new judgeships were

established. This budget allocates \$11.3 million for fiscal year 1985–86, including \$1.8 million for the newly established judgeships.

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\* The proposals included in this section are those submitted by the judicial Branch and do not necessarily reflect the Governor's position on these issues.

# Business, Transportation and Housing

The Business, Transportation and Housing Agency's primary objectives are to strengthen California's business and housing climates and develop a safe and effective transportation system.

To meet these goals, expenditures in the Governor's Budget for programs under the direction of the Agency total \$3.9 billion, an increase of \$233.5 million or 6.4 percent over the 1984-85 budget year. The allocation of these funds is shown in Figure 2.

These funds are allocated to the Business, Transportation and Housing Agency's three primary programs; Transportation, Public Safety and Economic Development.

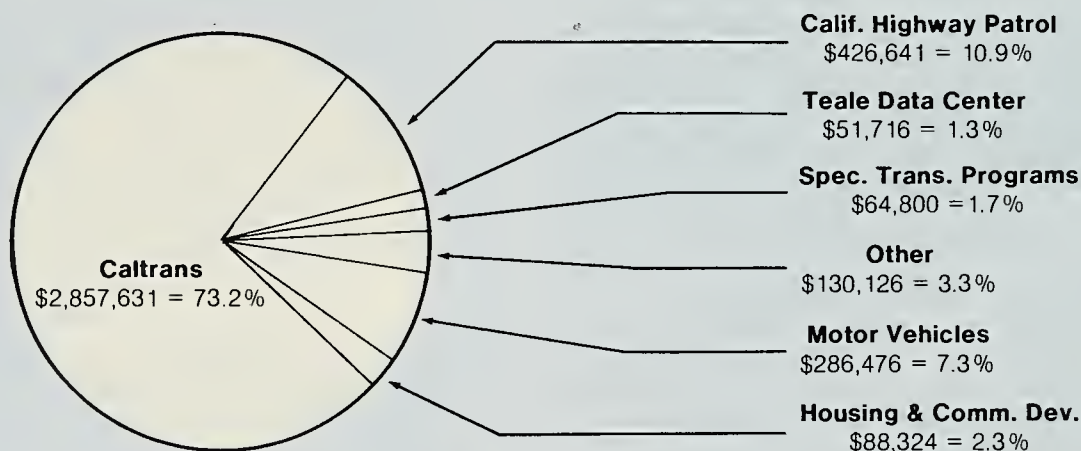
**Transportation.** Approximately \$3.2 billion is proposed to develop and maintain California's 48,000-lane miles of highway (15,000-road miles) and mass transportation systems, and to provide efficient vehicle registration services to the States' 21.4 million vehicles.



**Public Safety.** The California Highway Patrol is proposing approximately \$427 million to support the 7,628 law enforcement and non-uniformed personnel who are responsible for assuring the safety of the motoring public.

**Economic Development.** Approximately \$268 million is proposed to promote business, housing and improve California's economy.

**Figure 2**  
**Business, Transportation and Housing**  
**Proposed 1985-86 Expenditures**  
**Amounts in Thousands**  
**(All Funds)**





Some of the important functions and departments which are within the purview of the Agency are listed below.

## Department of Transportation

The California Department of Transportation is recognized as one of the premier transportation organizations in the world. The Department develops and maintains a comprehensive and effective transportation system of more than 48,000 lane miles of highway, as well as rail passenger services under contract with AMTRAK and Southern Pacific.

The Department of Transportation budget for 1985–86 proposes total expenditures of \$1.5 billion and staffing of 14,978.1 personnel years for support and local assistance programs. An additional \$1.4 billion is proposed for capital outlay expenditures. The Governor's Budget contains proposals which will result in expanded and improved highways and structures. These enhancements will facilitate the transportation of individuals and goods within the State. Highlights of the proposed 1985–86 Budget include the following:

**Efficiency Activities.** Over the past two years, the Department has been reorganized with attention to streamlining many of its functions and eliminating nonessential activities. This has resulted in an increase in staff productivity and an average reduction of one year in the Department's project development process. As a continuation of the Department's effort to improve efficiency, the budget includes the reduction of 542.9 personnel years. These reductions will be made possible by consolidating work functions, eliminating low-priority activities, expanding the use of automated systems and contracting for services, when appropriate.

In addition, there has been an effort to improve the Department's maintenance, engineering and project development capabilities by providing funding of \$28 million for improved and expanded computer and automated systems, in addition to the purchase of repair, maintenance and fleet equipment.

**Highway Maintenance and Construction.** The Federal gas tax increase of 5 cents per gallon in 1982, and a concurrent State increase of 2 cents per gallon in the same year, resulted in a virtual doubling of the Department's capital outlay budget between the 1982–83 and 1984–85 fiscal years. To meet the challenge of this infusion of project development capital, the Department responded by

"fast tracking" \$300 million in maintenance projects which eliminated a seven-year backlog.

- Highway project implementation is proceeding on an accelerated schedule, with almost \$1 billion of projects under construction at the current time, and the projected advertisement for bid of more than \$1.1 billion in construction projects in the 1985–86 fiscal year. This represents the largest highway advertising schedule in California's history. More than 700 highway construction and repair projects will be funded, including 82 projects which will add new capacity to the highway system.
- Despite inflationary trends and increases in the overall size of the State highway system, the level of maintenance has been sustained without any appreciable increase in the maintenance budget of 5,823 personnel years and \$444 million. This has been accomplished through the more efficient use of existing resources and new technology in equipment and materials.

**Rail Services.** The Department of Transportation contracts with AMTRAK and Southern Pacific to operate services in three geographic areas of the State. In the San Francisco Bay area, the Peninsula Commuter Rail Service carries over five million passengers annually and is the focus of a concerted effort to modernize rail passenger service on the San Francisco-San Jose Peninsula. Over the past two years, the Department has initiated contracts for new rolling stock, the purchase and rehabilitation of passenger stations and track improvements. For 1985–86, funding of \$23.4 million is proposed for land acquisition to expand station parking and construct a new equipment maintenance facility, to continue the shuttle bus service for the central business district of San Francisco, to make the rail cars accessible to the handicapped, and for various other operational improvements.

Through the central valley of California, the San Joaquin rail service operates daily between Oakland and Bakersfield, with bus connections throughout the Los Angeles area. Over the past two years, growth in revenue and ridership has been achieved through increased marketing, station improvements and the development of greater local support for the service. In 1984–85, the revenue-to-cost ratio is continuing above the statutory minimum of 55 percent.

In Southern California, the San Diegan rail passenger service operates daily between Los Angeles and San Diego, with annual ridership in excess of 1.2 million passengers. The

revenue-to-cost ratio reached 76 percent in 1983–84, and is continuing at approximately the same level in 1984–85.

The 1985–86 Budget proposes an increase of \$950,000 for marketing services to improve ridership on all three lines.

## Department of Commerce

The Department of Commerce provides a wide range of services to help promote business and economic development in California. The Department works closely with the business community to encourage and assist new plant locations and expansion, promote and coordinate tourism development, reduce regulatory constraints, advocate for small businesses, assist local agencies with economic development and provide research on a broad range of State economic issues. Program expenditures proposed in the 1985–86 budget include:

**Business Advertising and Marketing Plan.** \$1.9 million and 5.6 personnel years are proposed to continue a business advertising and marketing plan initiated in 1984–85 to attract new businesses and jobs to California. With no major economic downturns, these proposed State resources could attract sufficient new business ventures to California to create 19,300 new jobs and generate more than \$8.6 million in personal income tax revenue to the State.

**Tourism Advertising and Promotion Campaign.** \$5.2 million and 2.9 personnel years are proposed to continue a tourism advertising and promotion campaign initiated in 1984–85 to increase tourist visits to the State. Given a stable economy, these State resources could generate \$236 million in travel expenditures, support 3,400 new jobs and yield \$6.4 million in State tax revenue and \$2.3 million in local revenue.

**Enterprise Zone Programs.** \$350,000 and 2.8 personnel years are proposed to continue the Enterprise Zone Programs established by Chapters 44 and 45, Statutes of 1984. Through the use of tax and other incentives, these programs will provide for the designation of economically distressed areas as enterprise zones for the purpose of promoting business development in such areas. The infusion of private investment dollars in these areas produces a potential for the creation of new jobs and a reduction in the number of economically distressed areas in the State.

**California Film Office.** \$330,000 and 3.8 personnel years are proposed to continue funding of the California Film Office established by Chapter 1639, Statutes of 1984. The California Film Office is responsible for promoting and encouraging filmmaking in California. This Office will work directly with the film industry, which is a vital part of California's economy and directly employs 80,000 people and generates over \$1 billion in annual expenditures in California.

## Department of Savings and Loan

The California housing market is heavily reliant upon the savings and loan industry as the primary source of funds for home loans. Approximately 70 percent of the savings and loan industry's assets are held in such loans. In addition to its leadership role in housing finance, the California savings and loan industry is unique in its almost completely deregulated environment which spawns innovations and creative solutions to housing and finance problems. Because of its favorable environment and business climate, California represents the home office for approximately 20 percent of the total savings and loan assets nationwide. It is anticipated that the Department of Savings and Loan will process nearly 200 applications for new associations in 1985–86.

The Department is proposing an operating budget of \$5,835,000 and 108.6 personnel years in 1985–86. To oversee the industry in this period of high growth and unprecedented demand for entry into the industry, the Department is proposing an increase in staff to effectively monitor and regulate this expansion. Program expenditures proposed in the 1985–86 budget include:

- \$630,000 and 13.3 personnel years for additional examiners to conduct examinations and monitor the associations for fiscal stability and soundness.
- \$446,000 and 9.5 personnel years for additional appraisers to conduct field reviews of appraisal reports for conformance with accepted appraisal standards and compliance with regulatory requirements.

## Department of Motor Vehicles

The Department of Motor Vehicles (DMV) is vigorously continuing its efforts to reduce costs, increase productivity and improve the level of its services through automation and other program efficiencies. In DMV field offices located throughout the State, businesses and the general



public obtain information and certification necessary for the ownership and operation of private and commercial vehicles. To meet the public's needs, DMV's 1985–86 Budget proposes expenditures of \$286.5 million, a 3.1 percent increase over the current year. The Governor's Budget also proposes changes that will result in additional services to the public, reduced waiting times and continued improvement in the quality of information and services provided.

**Field Office Automation Project.** The proposed expenditure level for 1985–86 includes a reduction of \$2.9 million due to the continuation of the Field Office Automation Project. This Project will:

- Reduce waiting times for transactions occurring in DMV field offices by 15 percent.
- Expedite the issuance of vehicle registrations.
- Enable DMV to update driver license records instantaneously.
- Provide for more current and accurate data base information. The improved and expanded capabilities of this data base will also significantly aid law enforcement agencies with their information needs.

The automation project, which was begun in 1983–84, will result in annual cost savings of \$16 million commencing in 1988. Over the life of the system (through 1995), the estimated cumulative costs will be \$36 million and savings are estimated to be \$145 million, for a net savings of \$109 million. Total staff reductions and growth avoidances will amount to 900 positions.

**Uninsured Motorist Program.** The Department is also proposing to redirect 186.4 personnel years to implement 17 new pieces of chaptered legislation. Of primary importance is implementation of SB 850 (Chapter 1322, Statutes of 1984) which will require 88.5 personnel years and \$2.3 million. This bill established new statutory authority and requirements concerning the identification and reduction of the number of uninsured motorists on California's roadways and the registration of foreign vehicles. The legislation authorizes law enforcement officers to request proof of financial responsibility from motorists and requires the DMV to verify, on a sample basis, such proof. In addition, DMV is required to suspend or revoke the driver license of persons who fail to show or are unable to substantiate proof of financial responsibility. This program is expected to reduce the number of uninsured motorists on the road and to generate revenues of \$20.6 million in 1985–86 to the Motor Vehicle Account, the Motor Vehicle License Fuel Account and the General

Fund due to the collection of fines and forfeitures and increased automobile registration. This program provides a significantly improved method of enforcing the State's financial responsibility laws and is responsive to the public's demand for such enforcement.

**Telephone-Mail Appointments.** The 1985–86 Budget also proposes an increase of \$1.1 million to continue the telephone-mail appointment system which reduces public waiting time and improves services.

## Financial Structure

Currently, the financial marketplace and industry structure is undergoing a dynamic change. The deregulation of financial institutions and the blending of formerly distinct industry sectors result in a new and changing atmosphere for the regulation of financial services.

The Governor's Budget includes \$300,000 for a comprehensive study of the changing financial services marketplace and the appropriate state financial regulatory response. The cost of the study will be shared between the Departments of Banking, Corporations, Insurance, Real Estate and Savings and Loan, and will be administered by the Business, Transportation and Housing Agency.

All of these proposals will help to promote a sound financial and business community while protecting the public from economic loss and illegal or unethical business practices; provide for the efficient, rapid and safe movement of people and goods; and assist in the development of affordable housing.

# Health and Welfare

The Health and Welfare programs presented in the Governor's Budget are directly concerned with the physical, mental and social well-being of Californians. The major focus of Health and Welfare programs are the millions of Californians who need assistance in one or several of the program areas listed in the table below. These programs account for some 32 percent of the budget. For 1985-86, Health and Welfare expenditures total approximately \$17.7 billion in combined State and Federal funds. The allocation of these funds is shown in Figure 3.

Proposed General Fund expenditures total an 8.1 percent increase over 1984-85 and include over \$180 million for recognition and funding of all prospective caseload increases in the variety of Health and Welfare programs such as Medi-Cal, AFDC, Mental Health, Developmentally Disabled, In-Home Supportive Services and Child Welfare Services. This budget level includes the ongoing



cost of some \$80 million worth of program expansion contained in legislation which was adopted last year. This includes expansion of home-delivered meals on weekends for Senior Citizens, over \$13 million in new funds for child abuse prevention, major expansion to fund caseload in child welfare services and research and work relative to dealing with Alzheimer's Disease. Lastly, this budget includes full statutory

## Major Health and Welfare Program Caseloads

Program	Average Caseload		Change
	1984-85	1985-86	
1. California Children's Services (treatment of physical handicaps) .....	306,880 <sup>a</sup>	327,640 <sup>a</sup>	20,760 <sup>a</sup>
2. Medi-Cal (provision of medical services to eligible poor)			
a. Certified eligibles .....	2,855,600	2,848,100	- 16,900
b. Average monthly users (fee-for-service only) .....	1,195,950	1,186,790	- 9,160
3. AFDC (support for unemployed persons with minor children) .....	575,823	576,548	725
4. SSI/SSP (support for aged, blind and disabled) .....	665,404	675,658	10,254
5. State Hospitals			
a. Mental health clients .....	5,124 <sup>b</sup>	4,801 <sup>b</sup>	- 323 <sup>b</sup>
b. Developmentally disabled clients .....	6,965 <sup>b</sup>	6,750 <sup>b</sup>	- 215 <sup>b</sup>
6. Community Developmentally Disabled Services			
a. Regional centers .....	68,864	73,688	4,824
b. Work activity program .....	14,162	15,832	1,670
7. Vocational Rehabilitation .....	54,000	54,000	0
8. Employment Services (individuals placed) .....	295,000	309,750	14,750
9. Unemployment Services (total weeks claimed) .....	19,988,000	16,911,000	- 3,077,000
10. Meals for Elderly Citizens .....	298,036 <sup>c</sup>	298,036 <sup>c</sup>	- <sup>c</sup>
11. In-Home Supportive Services .....	107,100	115,500	8,400
12. Child Welfare Services .....	82,090 <sup>e</sup>	83,948 <sup>e</sup>	1,858 <sup>e</sup>
13. Food Stamps .....	575,100	578,400	3,300
14. Alcohol Programs .....	107,000 <sup>d</sup>	107,000 <sup>d</sup>	0 <sup>d</sup>
15. Drug Programs .....	43,000 <sup>d</sup>	43,000 <sup>d</sup>	0 <sup>d</sup>
16. Community Mental Health .....	472,000	472,000	0

<sup>a</sup> Reflects annualized estimate of CCS caseload based on the December Estimate of quarterly caseload.

<sup>b</sup> Represents the year-end population upon which the budget is based.

<sup>c</sup> Unduplicated participant count.

<sup>d</sup> Number of client admissions reflect treatment services which receive at least some state-administered funds. There are others served by the counties with county funds only.

<sup>e</sup> Represents Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service areas. Due to transfers between each service area a case may be reflected in more than one service area.



cost-of-living increases for all areas required by law and a 4% cost-of-living adjustment (COLAs) for all other programs, except county administration of welfare programs. County administration of welfare will receive a retrospective COLA.

Except for the services provided through the State hospital system and the Employment Development Department, the primary contact for all the people served in the programs listed in the table below are local agencies. This emphasizes the need to provide as much discretion as possible to the local organizations to enable them to effectively and efficiently assist these people.

## Mental Health

Mental health problems are treatable, but, if left untended, they can result in significant losses to society. This Administration believes that strong efforts must be made at both the State and county levels to treat and return mental health clients to useful lives in their communities. The Governor's Budget continues the Mental Health Initiative begun last year to help ensure that California's community-based mental health system provides the range of needed services and that the State

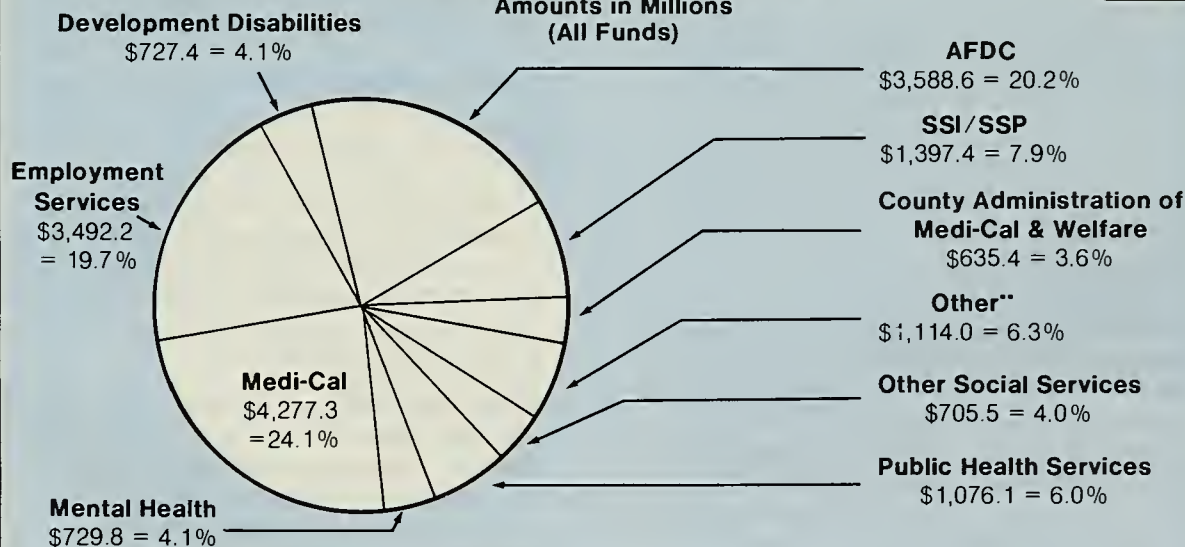
hospital system is brought to full accreditation and certification.

**Community-Based Mental Health Services.** The Governor's Budget transfers the Mental Health Social Services functions to local governments as provided in Chapter 1330, Statutes of 1984. The intent of this transfer is to properly place with local governments the control and responsibility for community-based mental health programs. This transfer will result in an annualized reduction of the State's program and administrative operation equal to 247 personnel years.

In addition to the 4% COLA and a \$5 million transfer of funds from State hospitals to community programs, the Governor's Budget is proposing program expansion of over 10% to the current year base of \$447 million. This additional \$45 million will allow local communities to fill some of the current gaps in program delivery and begin an accelerated process of transferring patients currently housed in State hospitals to the less restrictive and more appropriate environment attainable in local communities.

**State Hospital System.** 1985-86 will begin the second year of this Administration's multi-year program which will result in California's having the

**Figure 3**  
**Health and Welfare**  
**Proposed 1985-86 Expenditures \***  
**Amounts in Millions**  
**(All Funds)**



\* Includes State Support and Local Assistance.

\*\* Reflects allocations for the Health and Welfare Agency, Department of Aging, Department of Alcohol and Drug Programs, Health and Welfare Consolidated Data Center, Office of Statewide Health Planning and Development, Department of Rehabilitation, Emergency Medical Services Authority, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities, State support and county administrative costs for the Departments of Social Services and Health Services and Health Facilities Commission.

only fully accredited system of mental hospitals in the nation.

To achieve a level of treatment in line with national and State standards for State hospitals serving mentally ill patients and to accelerate their return to community living, the Governor's Mental Health Initiative proposes an augmentation of 176.7 net authorized positions and approximately \$4.8 million. This augmentation represents the second increment of a three-year implementation of State hospital level-of-care treatment staffing.

In conjunction with the hospital staffing improvements, the Mental Health Initiative proposes \$37.8 million in capital outlay improvements for the State hospitals during 1985-86. This augmentation represents the second increment of a five-year capital outlay plan to bring the State hospitals into compliance with fire and life safety requirements and provide environmental and security enhancements for hospital patients. These improvements will better ensure the safety and well being of hospital patients and will increase the State hospitals' opportunities for increased Federal funding through certification and accreditation. The hospitals affected are:

Atascadero .....	\$10,170,000
Metropolitan .....	13,375,000
Patton.....	1,859,000
Camarillo .....	7,730,000
Napa.....	4,684,000
	<hr/> \$37,818,000

The principal projects to be funded by the Mental Health Initiative during 1985-86 are fire and life safety and environmental improvements at Metropolitan, Patton, Camarillo and Napa State Hospitals. In addition, heating and air conditioning will be provided to patient-occupied space at Atascadero State Hospital.

## Assistance for the Elderly

This Administration's strong commitment to helping seniors live their lives with dignity, respect and independence is continued with the establishment of the new Long Term Care Division within the Department of Aging. This will encompass several programs designed to assist the elderly in their efforts to remain living in their own homes and avoid premature institutionalization. These programs include the Multipurpose Senior Services Program, the Adult Day Health Care Program, the Office of Long Term Care and Aging and the Linkages and Alzheimer's programs. As an integral part of the in-home supportive services system and community based long term care

programs which enable the elderly to continue living at home, the Department of Aging will serve approximately 19.2 million meals to the elderly in 1985-86. This represents a 45 percent growth over 1983-84 in the home delivered meals portion of the program.

## Facilities Licensing

The Health and Welfare Agency will convene a special task force to study the several Community and Long Term Care Licensing functions performed by the State and/or counties to determine which licensing areas appropriately belong at each level. In addition, a determination will be made as to the appropriate level of funding for both State and local programs. Upon completion of these studies, appropriate revisions, if any, will be provided in the 1986-87 Budget.

## AFDC-Foster Care

Prior to 1978, the State's AFDC-Foster Care contribution was 67.5 percent of a maximum payment of \$120 plus a \$12.50 supplement to foster parents for each child. Chapter 282/79 (AB 8) established a State sharing ratio of 95 percent of the nonfederal share. Total program costs have nearly doubled during this period. The current funding ratio will expire December 31, 1985. The budget proposes to revise this funding ratio to 50 percent of the nonfederal share. This amount will provide counties with an incentive to pursue permanent placement and other social services as an alternative to Foster Care.

## Other Health and Welfare Provisions

In addition to major policy initiative, the Governor's Budget includes the following:

- Funding of the elective abortions policy mandated by a temporary restraining order issued in 1984-85 by the Court of Appeals. The 1985-86 budget assumes a nonelective abortion policy similar to that adopted by the Legislature in 1983-84 and 1984-85.
- Accrued savings to the Medi-Cal program will total approximately \$314 million (\$157 million General Fund) as a result of reimbursing hospitals on a negotiated contract basis. Medi-Cal reform legislation (Chapters 328 and 1594, Statutes of 1982) authorized the State to negotiate contracts with private sector providers of health care services for the delivery of hospital inpatient services to Medi-Cal beneficiaries.
- Changes to the existing copayment policy are



proposed. First, to provide incentives for Medi-Cal providers to collect copayments as a deterrent to unnecessary utilization, the budget proposes to require copayments to be deducted from provider reimbursements. Second, the budget proposes to expand copayments to cover more services. The 1985–86 Medi-Cal Estimate reflects savings of \$4 million. Annual future year savings are estimated at \$13 million.

- In order to assist in combating the spread of AIDS, the budget proposes to more than double the current level of investigational and educational activities in the Department of Health Services.
- An additional \$5 million in General and Federal funds to increase the current activities aimed at reducing the problems associated with teenage pregnancies by working intensively with these mothers both prior to and after birth of their first child. The aim is to increase the potential of a healthy baby, and to assist the mother (before and after birth), to encourage the mother to continue her education and provide other needed short-term assistance which will reduce the potential of long-term public assistance for her and her children.
- The current budget provides approximately \$1 billion to assist counties in providing public health services. This assistance is provided in two separate programs, the County Health Services program and the Medically Indigent Adult program. Both of these programs have complex and differing rules and regulations governing their operation. Separate legislation will propose combining these two programs and simplifying the process which counties must now go through to receive, expend and account for these funds. The budget reflects a reduction of 19.5 positions (9.5 personnel years) which are not needed due to this reduction in paperwork.
- The budget proposes \$2.5 million to expand a prevention initiative which began last year to reduce the incidence and severity of birth defects and developmental disabilities. The Administration proposes to implement a uniform eligibility criteria, identification, tracking and referral system for high risk and handicapped infants and their parents. The funding proposed in 1985–86 will enable each of the 21 regional centers to establish a Prevention Team to provide outreach, counseling, and case management services to 1,600 new clients.

- In a continuing effort to transition clients from the state hospitals to the community, the budget proposes \$3.1 million to place 750 State hospital clients into the community. Additionally, \$1.5 million is redirected from State hospitals and \$1 million from the Program Development Fund to support the development of new residential facilities.
- \$6.4 million is also proposed for special repair projects and equipment which are needed in State hospitals for the health and safety of residents who are developmentally disabled.
- The budget proposes the transfer of the Relinquishment and Independent Adoptions programs to Local Government. The \$2.5 million saved by the elimination of 73 positions providing direct adoption services in the Department of Social Services is proposed to be transferred to local government. In addition, the budget provides an additional \$4.8 million to fully fund the cost of providing Relinquishment and Independent Adoptions at the local level. This transfer will improve coordination of all child welfare services at the local level.

## State Staffing

Along with the expansion of direct services to California citizens, a major goal of the health and welfare area, as well as within all government, is to reduce the size and increase the efficiency of State government. To that end, the budget proposes some 2,700 fewer personnel years than were budgeted in 1984–85. The major components of this change include the expansion of over 400 personnel years related to increased workload and at the same time the reduction of 1,350 personnel years due to reduced or terminating work in other areas. This change in personnel years also includes a reduction of some 660 personnel years due to the transfer of responsibilities to the local level. Reductions due to automation, program efficiencies and reduced administrative activities account for almost 600 fewer personnel years.

# Environmental Quality

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California's environmental quality programs are concerned with protecting air and water quality; overseeing the disposal of solid wastes; managing the clean-up, disposal and storage of toxic wastes; and monitoring development of the State's Outer Continental Shelf oil and gas resources. These programs are targeted at ensuring that the laws designed to safeguard the public health are carried out.

The Governor's Budget provides significant funding for the toxics and environmental health, air quality and water quality programs.

## Toxics and Environmental Health

Protection from toxics is one of this Administration's highest priorities, as demonstrated by the significant funding and staffing increases provided to these programs over the past two years. The Administration has established a timetable to permit all hazardous waste facilities in five years, enacted a \$100 million Hazardous Substances Bond Act to clean up hazardous waste sites, established new programs for toxic air contaminants, implemented recent legislation relative to toxic pits, and embarked on a new "Enforcement program" to crack down on illegal disposers of hazardous wastes.

The Department of Health Services currently has an active program of inspection, licensing and enforcement of statutes relating to the handling and disposal of toxic waste. This program is responsible for ensuring that toxic wastes which are currently being generated are handled in an environmentally safe manner. The budget proposes \$500,000 in contract funds to develop an industry-targeted hazardous waste reduction program along with economic incentives for the reduction of hazardous wastes. The budget also proposes 7 positions and \$365,000 to provide risk assessments and technical assistance as it relates to hazardous waste materials.

**Hazardous Substances Bond Act.** In the November 1984 General Election, the voters approved the Hazardous Substances Bond Act. The budget proposes the establishment of 88 positions and an expenditure of \$100 million to implement and administer this program. The program will provide up-front funding to award contracts to clean up those sites which have been identified as posing the most serious threat to public health and the environment. Although the



budget proposes expenditure of these funds in 1985-86, the Administration will work with the Legislature to enact legislation to appropriate these funds in 1984-85, thereby enabling cleanup to commence this fiscal year.

**Drinking Water Standards.** As part of the Administration's continuing effort to halt environmental degradation, an augmentation of \$1 million in the current year and \$4 million in 1985-86 is proposed for the development of drinking water standards. This proposal will enable the Department of Health Services to develop maximum contaminant levels in 52 identified substances by June 1986. These standards will give the Department the ability to initiate enforcement proceedings against entities unwilling to voluntarily seek corrective measures or to shut down contaminated water systems.

## Air Quality

Maintaining the fine line between controlling air pollution and insuring that appropriate growth and needed development occur within the State are the primary responsibilities of the Air Resources Board. To accomplish this task, the Board, working closely with local air pollution control districts, develops and implements a variety of control strategies.

Primary areas of responsibilities include the control of motor vehicle emissions statewide; coordination of state and local programs for the control of stationary sources of emissions; identification and control of toxic air contamination, including studying the causes and effects of acid rain within the State; establishment of standards for specific pollutants; administration of research studies; and evaluation and implementation of the State Implementation Plan for the attainment and maintenance of Federal standards.



The Governor's Budget proposes \$53.7 million for the Air Resources Board, a funding increase of \$5.4 million or 11 percent over 1984–85. Major funding increases are in the areas of toxic air contaminants and motor vehicle emission control.

**Toxic Air Contaminant Program.** An additional \$2.8 million and 19.7 personnel years are proposed to expand the Board's Toxic Air Contaminants Program, which was established by legislation (Chapter 1047, Statutes of 1983). A toxic air contaminant is an air pollutant which may cause or contribute to increased mortality or serious illness, or may pose a present or potential health threat. The Board has identified 47 substances as potential toxic air contaminants and anticipates positive identification of at least 6 substances during 1985–86. As substances are positively identified, the Board develops control measures which are subsequently adopted by local air pollution control districts. The control measures are designed to minimize or eliminate the impact of the contaminant.

**Motor Vehicle Emission Control.** An additional \$458,000 and 4.8 personnel years are proposed to address the problems associated with motor vehicle emission control systems which result from design flaws, owner tampering and improper repairs. The Board anticipates that this augmentation will further the progress made in reducing ozone and carbon monoxide levels and improve public health.

## Water Quality

The State Water Resources Control Board and the 9 Regional Water Quality Control Boards work to preserve and enhance the quality of California's water resources, ensure that adequate supplies are available and promote the effective allocation and use of these water resources. The Governor's Budget proposes to increase State operations by \$5.7 million or 12 percent over 1984–85. With this increased funding, the Board will be able to respond to the Administration's high priority of controlling and eliminating toxic substances which threaten the water quality of the State. The Administration has identified several major toxic control and water quality programs for 1985–86 funding.

### Surface Impoundments and Toxic

**Contamination.** A total of \$1.9 million and 28.8 personnel years are proposed for a new program for the control of toxic contamination originating at surface impoundments storing hazardous materials. This program, established pursuant to

new legislation (Chapter 1543, Statutes of 1984), is designed to protect the State's groundwater supplies from toxic contamination as a result of the leaching of hazardous materials. The program requires technical assurances that surface impoundments, which are one-half mile or less upgradient from groundwater supplies, have not contaminated or will not contaminate the groundwater. Sites which fail must be either corrected according to specific guidelines or closed.

### Statewide Inspection, Monitoring and Enforcement.

A uniform, statewide inspection program is being established to ensure that all waste dischargers are inspected at least once annually. More frequent inspections will be conducted on dischargers which pose a significant threat to water quality. The Board is implementing a new system to automate the collection and review of data required to be submitted by waste dischargers annually. This will allow the Board to detect water quality problems before they become critical. In addition, the Board is expanding its enforcement program to mitigate or eliminate adverse impacts of violations of waste discharge orders. Additional funding of \$1 million and 22.9 personnel years for this program will begin in January 1985. The Governor's Budget proposes another \$2.4 million and 26 personnel years over the 1984–85 level for the full year continuation of the program.

**Underground Tank Regulation.** Major legislation was enacted (Chapters 1045 and 1046, Statutes of 1983) to eliminate the threat of groundwater contamination from leaking underground tanks storing hazardous materials. To implement this legislation, the 1984–85 budget was augmented by \$2.5 million and 52.2 personnel years. An additional \$1.2 million and 8.6 personnel years are proposed in 1985–86 to expand the regulatory phase of the underground tanks program. The Governor's Budget also proposes \$11.4 million as a reimbursement to local governments for compliance and correction expenses for underground tanks, and \$12 million for the Department of General Services to undertake similar measures for State-owned underground tanks.

**Waste Disposal Inspection.** \$277,000 and 5.9 personnel years are proposed for the Board to complete waste disposal site inspections, operations review, groundwater monitoring and permit review of those facilities excluded from the Federal designation of "hazardous." Regardless of Federal designation, some of these facilities may

pose a public health threat by adversely impacting the quality of the waters of the State.

**Industrial Waste Pretreatment.** Industries that use sewer systems for waste disposal must comply with Federal pretreatment standards. These standards limit toxic discharges that can adversely affect the operation of sewage treatment plants. Agencies that operate locally-owned sewage treatment systems retain primary authority for enforcing pretreatment standards. \$270,000 and 4.8 personnel years were added in 1984–85 as a result of new legislation (Chapter 1542, Statutes of 1984) for a State program designed to provide oversight and pursue enforcement actions when local agencies fail to take appropriate action. An additional \$296,000 and 6.5 personnel years are proposed in 1985–86 for a total of \$566,000 and 11.3 personnel years to continue the program on a full-year cost basis.

# Natural Resources

The Resources Agency is responsible for the protection of California's uniquely rich and diverse natural resource base. The Agency, through a wide range of programs, ensures the preservation, sound management and wise use of the State's water, fish, wildlife, forest, mineral and recreational resources.

The Governor's Budget provides funds for a number of key resource management activities. It responds to the pressing need for flood control projects in the wake of the high precipitation levels of recent years. Funding is also provided for coastal protection and restoration activities and for community water protection and development projects.

The Governor's Budget proposes total program expenditures of \$909,746,000 for State operations and local assistance, as shown below. This represents a 5.9 percent increase over 1984-85.

## Resources Proposed 1985-86 Expenditures In Thousands (All Funds)

Entity	<i>Total State Operations and Local Assistance</i>		<i>General Fund</i>
	<i>Local</i>	<i>General</i>	
Agency Secretary .....	\$1,351	\$1,159	
Special Resources .....	1,174	1,174	
California Tahoe Conservancy .....	1,205	—	
Conservation Corps .....	43,732	32,295	
Energy Commission .....	43,833	167	
Colorado River Board .....	678	217	
Conservation .....	16,917	12,074	
Forestry .....	233,191	168,136	
State Lands .....	16,300	15,393	
Fish and Game .....	94,272	4,726	
Wildlife Conservation Board .....	496	—	
Boating and Waterways .....	33,070	2,436	
Coastal Commission .....	6,772	5,924	
Coastal Conservancy .....	14,660	—	
Parks and Recreation .....	144,575	72,734	
S.F. Bay Conservation and Development Commission .....	1,344	1,158	
Water Resources .....	256,176	45,699	
Total .....	\$909,746	\$363,292	

## Forestry

The Department of Forestry is responsible for the conservation and development of California's forest, watershed and range lands. The Department maintains a highly professional and integrated urban and rural fire fighting organization



that is designed to meet the high levels of fire hazard that exist within the State. In addition to fire protection, the Department is responsible for resource management and regulation of timber harvest practices.

The Governor's Budget proposes \$233.2 million in State operations and local assistance funding. This proposed budget provides funding for essential fire protection and other activities. It also provides funding for the following significant increases:

- \$4,093,000 and 54.5 personnel years for the Schedule A program, under which the State provides fire protection services to local government.
- \$3,150,000 for fire protection mobile equipment, operating expenses and public information programs. Of this amount, \$270,000 is proposed to replace obsolete photo surveillance equipment used to identify wildland arsonists, and \$100,000 to implement an information and education program called "Smokey and the Pros."
- \$2,699,000 and 55.3 personnel years for an expansion of the Conservation Camp program which is operated by the Departments of Forestry, Corrections and the Youth Authority.
- \$1,739,000 for automation and communications projects, including \$595,000 for the second phase of an automated information system used by the Department to respond to over 90,000 emergency incidents annually.

## Fish and Game

The major program objectives of the Department of Fish and Game are to insure that fish and wildlife resources are preserved to be used and enjoyed by the people of the State, now and in the



future. The Governor's Budget proposes \$94,272,000 to achieve the Department's program objectives. This represents an increase of \$9,207,000 or 10.8 percent over the Department's 1984-85 budget.

Budget increases include:

- \$2,096,000 for the support and maintenance of nongame fish and wildlife resources and their habitats, and an increase of \$1,190,000 to intensify existing efforts for resource management of the State's deer, waterfowl and marine fish resources. This amount will assist the Department in the maintenance, restoration and enhancement of ecologically important habitats which are essential to insure the perpetuation of healthy and abundant fish, wildlife and plant populations.
- \$573,000 to increase the State's efforts to rebuild declining striped bass populations, and \$1 million to continue fish and wildlife habitat improvement projects on National Forest and Bureau of Land Management lands in California.
- \$2.7 million for the continued restoration and enhancement of the Upper Newport Bay coastal wetlands, an integral part of the Pacific Flyway. These wetlands provide food and shelter to millions of migrating waterfowl using this route.

## State Coastal Conservancy

The role of the State Coastal Conservancy is to develop and implement programs to protect, restore and enhance coastal resources in keeping with the policies established in the California Coastal Act of 1976. Specifically, the policies of the Coastal Act provide for: public access to the coast; preservation of the marine environment; enhancement of coastal land resources; and a balanced coastal development program.

The Governor's Budget proposes a total expenditure of \$14,660,000 for State operations and local assistance, an increase of 7.5 percent over 1984-85. Of that amount, \$11 million is provided from new bond funds authorized by the California Park and Recreational Facilities Act of 1984 and the Fish and Wildlife Habitat Enhancement Act of 1984. The proposed new funds will provide local assistance grants for programs relating to coastal resources enhancement, habitat improvement and coastal development.

Other significant increases in Conservancy funding include \$905,000 for the restoration and enhancement of the wetlands habitat at the Tijuana

River National Estuarine Sanctuary and the construction of a nature center within the Aliso Greenbelt in Orange County. \$429,000 is proposed to continue the urban waterfront restoration program, authorized by Chapter 1264, Statutes of 1983, and \$388,000 to provide administrative support for the new bond programs.

## Water Resources

The role of the Department of Water Resources is to protect, develop and manage California's water. The Department has a major responsibility for supplying suitable water for household, agricultural, industrial, recreational and power generation uses, as well as for fish and wildlife. The Department also has major public safety responsibilities for flood management and dam safety.

The Governor's Budget proposes \$256.2 million in State operations and local assistance funding. This represents a \$34 million increase over 1984-85, primarily due to voter approval of the Safe Drinking Water Bond Law of 1984 and the Clean Water Bond Law of 1984. Approximately 47 percent of the \$256.2 million budget represents funding for State Water Project activities. The water project is one of the most extensive and effective flood control and water management systems in the world. It collects, stores and transports water from Northern California to Central and Southern California for agricultural and domestic use.

Major proposals for 1985-86 include \$18,842,000 for flood control projects necessary to offset the effects of several years of record or near record water runoff. Funding of flood control projects includes \$362,000 to establish a cooperative flood warning data exchange program with Federal agencies and \$280,000 to continue the replacement of flood warning telemetry equipment systems. The remaining \$18.2 million provides for continuation of the State's flood control subventions program to local government.

An additional \$3 million in California Water Fund monies will provide for continued operation of the Los Banos demonstration desalting facility. This facility purifies agricultural waste water by removing salts, pesticides and other chemicals.

The Governor's Budget will also provide \$10.4 million in additional funding for water conservation activities. Water conservation activities will address both urban and agricultural water conservation methods, with funding to be made available from the General Fund, special funds and bond funds.

## Parks and Recreation

The Department of Parks and Recreation is responsible for acquiring, preserving, developing and managing the natural, cultural and recreational resources in the State Park System. This system consists of 278 individual units, including 36 units administered by local and regional park agencies. These park units contain approximately 1.2 million acres, over 240 miles of ocean and bay frontage and 675 miles of lake, reservoir and river frontage. Over 64 million visitor-days are expected in 1985–86.

The \$144.6 million State park budget for 1985–86 includes the following:

- \$2,740,000 for the operation of new State Park properties and developments with the addition of 32.1 personnel years.
- \$5,548,000 for existing and new operational needs such as telecommunication equipment necessary for improved park visitor and ranger safety, utility cost deficiencies and equipment.
- A 48.8 personnel year savings by using California Conservation Corpsmembers to perform park maintenance and by streamlining administrative functions to achieve efficiencies.

The Governor's Budget also proposes a \$22.5 million appropriation to the Roberti-Z'berg Urban Open Space local grant program. This represents the second and final appropriation of the funds allocated to the program from the 1984 Bond Act.

### **California Park and Recreational Facilities Act.**

The California Park and Recreational Facilities Act of 1984, which was approved on the June 1984 ballot, provides a total of \$305 million for local assistance grants and capital outlay projects for the acquisition, development, rehabilitation or restoration of real property for park, beach, recreational or historical preservation purposes. This Act outlined a project nomination and evaluation process which is currently underway. When this process is completed, additional projects will be identified for inclusion in the budget in the spring.

## State Lands Commission

The State Lands Commission is responsible for the management and supervision of all statutory lands which the State has received from the Federal Government. Rents and royalties collected from surface uses, extraction of oil, gas, minerals and geothermal steam, and timber harvests represent the single largest source of the State's nontax revenues. In the 1985–86 fiscal year, these revenues are estimated to total \$451 million.

The Governor's Budget proposes an increase of \$3 million over the Commission's 1984–85 budget for increased costs and a number of operational improvements. The most notable increases include:

- \$1,935,000 for expansion of the tidelands leasing program. \$1,335,000 will be used to perform pre-leasing resource evaluation, cultural resources survey and biological assessments on 70,000 acres of tidelands between Point Arguello and the San Luis Obispo County line. \$600,000 will be used for a biological assessment and preparation of an environmental impact report for 4 previously-leased parcels in the Santa Barbara Channel which had been quitclaimed back to the State.
- \$575,000 for expansion of the School Lands Management program. Funding will be primarily used for appraisals, resource evaluation and cultural resource surveys necessary to complete land exchanges with the Federal Government.
- \$416,000 to replace and upgrade existing data and word processing equipment.



# Agriculture

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Exceeding \$14 billion in annual production, California's agricultural industry is the largest in the nation. The Department of Food and Agriculture is responsible for promoting and protecting California agriculture in the interests of public health, safety and welfare.

In addition, the Department is responsible for assuring an abundance of California-produced food and fiber, developing policy and providing assistance in such areas as marketing and exporting, protecting public and worker health and safety, preventing or eradicating intrusions of harmful plant and animal pests and diseases, developing and enforcing weights and measures standards for all levels of commerce, registering and regulating agricultural chemicals and inspecting foods and commodities for quality and safety.

The 1985-86 Governor's Budget continues to recognize agriculture as a major facet of California and proposes \$142,664,000 and 2,106.1 personnel years to support the activities of the Department of Food and Agriculture. Proposed funding for 1985-86 includes:

- \$2,314,000 for the continued evaluation of the chronic health data on file for pesticides currently registered in California.
- \$984,000 to the Environmental Hazards Assessment Program for increased on-site monitoring of pesticide residues in the environment.
- \$450,000 to the Pesticide Regulation Program for the purchase of a minicomputer system to support increased workload.
- \$475,000 to the Measurement Standards Program for increased local assistance to counties to strengthen the enforcement of net quantity requirements for bulk commodities including meat, produce, gasoline and a variety of industrial products.
- \$1,765,000 for continued detection and eradication efforts directed at such pest infestations as Mexican, Caribbean and Malaysian fruit flies, cotton boll weevil, gypsy moth, Japanese beetle, and apple maggot. The Department is also planning to participate in funding of standby sterile fly facilities for Mexican and Caribbean fruit flies, and \$520,000 for local assistance for the exotic fruit fly trapping.

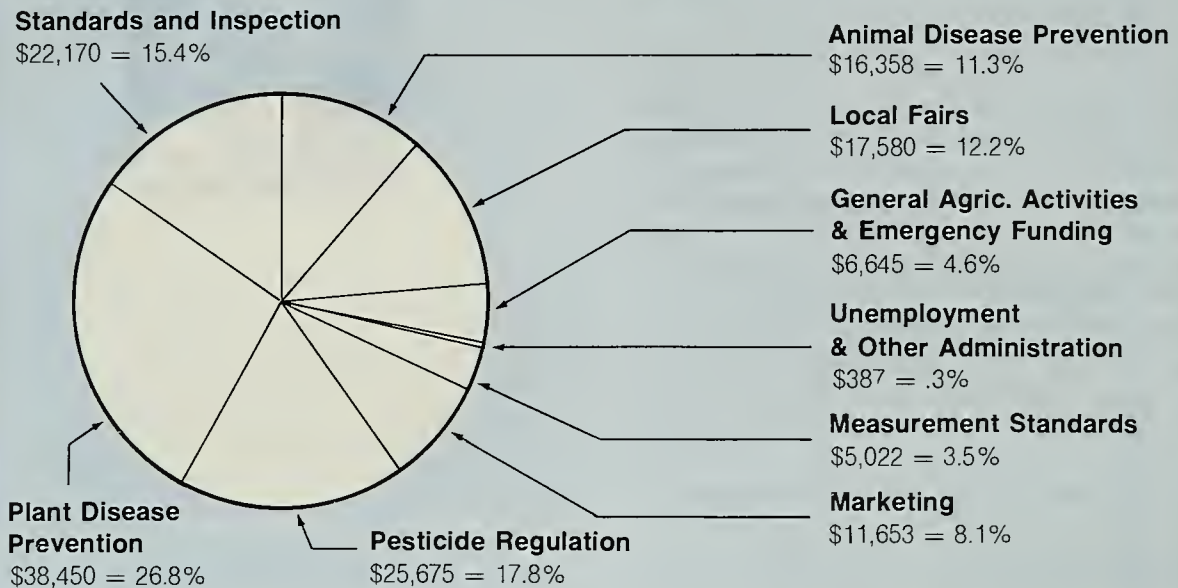


- \$500,000 for exotic pest research, including development and maintenance of a prioritized list of research needs for exotic pest exclusion, detection, identification, evaluation and control on field crops and to investigate specified problems severely affecting agriculture today.
- A capital outlay program of \$9,822,000 which includes funding for the construction of the John E. Thurman Veterinary Diagnostic Laboratory on the University of California, Davis campus.
- Continued funding for the University of California agricultural research program which is responsible for projects to improve food and fiber productivity, pest management, conservation and management of renewable natural resources, enhancement of the environment and food product development and marketing. The budget proposes \$434,000 to the Animal Disease Prevention Program to support increased contractual costs with the School of Veterinary Medicine on the University of California, Davis campus.

The allocation of the proposed expenditures is shown in Figure 4.



**Figure 4**  
**Agriculture**  
**Proposed 1985-86 Expenditures\***  
**Amounts in Thousands**  
**(All Funds)**



\* Does not reflect unallocated General Fund reduction for MSA and Operating Expenses.

# General Government

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The General Government area of the Budget includes departments which provide a wide range of programs and services to various segments of the public as well as other State agencies. Services and programs include protection of consumer rights; maintenance of high standards of practice in the professions licensed by the State; promoting the welfare and safety of the workforce in California; promoting artistic awareness and expression in California; managing the merit and non-merit aspects of the State's personnel system; administering retirement systems for teachers and public employees; and providing centralized supportive services to other State departments.

Highlights of the Governor's Budget provisions for the departments providing these and other services are discussed below.

## State and Consumer Services

The State and Consumer Services Agency oversees the operations of the California Museum of Science and Industry, the Department of Consumer Affairs, the Department of Fair Employment and Housing, the Fair Employment and Housing Commission, the Office of the State Fire Marshal, the Franchise Tax Board, the Department of General Services, the State Personnel Board, the Public Employees' Retirement System, the State Teacher's System, and the Department of Veterans' Affairs.

The Governor's Budget proposes a combined expenditure of \$685,362,000 for support of all organizations within the agency. This represents a 4.3 percent increase over 1984-85. Figure 5 presents the proposed expenditure totals for many of these departments.

The Governor's Budget highlights for the State and Consumer Services Agency include:

### Consumer Affairs

The Department of Consumer Affairs is responsible for protecting and representing consumer rights and interests and for ensuring high standards of practice in the professions licensed through this department by the State of California.

The Governor's Budget proposes \$106,651,000 for the Department. This represents a 2.9 percent increase over 1984-85.

**Biennial Vehicle Inspection Program.** The Governor's Budget also proposes continued



funding for the Biennial Vehicle Inspection program. The budget for the Bureau of Automotive Repair has been augmented by \$4.5 million. This program is expected to reduce vehicle-caused pollution by as much as 25 percent by 1987. The budget has been adjusted to reflect workload information derived from the first six months of program operation. Although some workloads handled by interagency and external contracts have increased over previous estimates, workloads handled by State staff have decreased resulting in a 14 percent reduction in needed staff over 1984-85 levels.

Current year expenditures reflect repayment of \$12.5 million in loans to the Motor Vehicle Account, State Transportation Fund. A proposal to reduce certificate fees is anticipated to be developed during 1985-86 as the actual revenues and expenditures of the program become known.

## General Services

The Department of General Services is responsible for providing centralized support services to other State departments and for increasing effectiveness and economy in the administration of State government. The Governor's Budget proposes \$303,569,000 for support, an increase of 6.4 percent.

The Governor's Budget contains an increase of \$6.9 million which continues the implementation of the emergency phone number (9-1-1) system statewide. A total of \$2.5 million is provided for development of data processing and office automation to improve the Department's efficiency.

**State School Lease-Purchase Program.** In light of the recent enactment of Proposition 26 by the voters, which provides \$450 million in bonds for the State School Lease-Purchase Program, a review is currently underway of the operation of

the Office of Local Assistance, which administers the program. The review is focusing on ways to streamline the allocation process to ensure that funds are available as needed by school districts, consistent with State standards for accountability and safety.

## Veterans' Affairs

The Department of Veterans' Affairs has a three-fold objective: (1) assisting in securing State and Federal benefit entitlements for veterans and their dependents; (2) administering a low interest farm and home loan program which has successfully provided over 366,000 long-term housing and farm loans for California veterans; and (3) operating the Veterans' Home of California, one of the largest geriatric facilities in the country, which provides residential and hospital facilities for approximately 1,400 disabled California veterans. The Governor's Budget proposes an expenditure of \$52,185,000 for support. In addition, the budget proposes an expenditure of \$973,257,000 for loans, an increase of 4.1 percent.

Governor's Budget highlights include:

- The provision of an additional 6,000 farm and home loans to veterans with the \$450 million

bond sale proceeds anticipated for 1985–86.

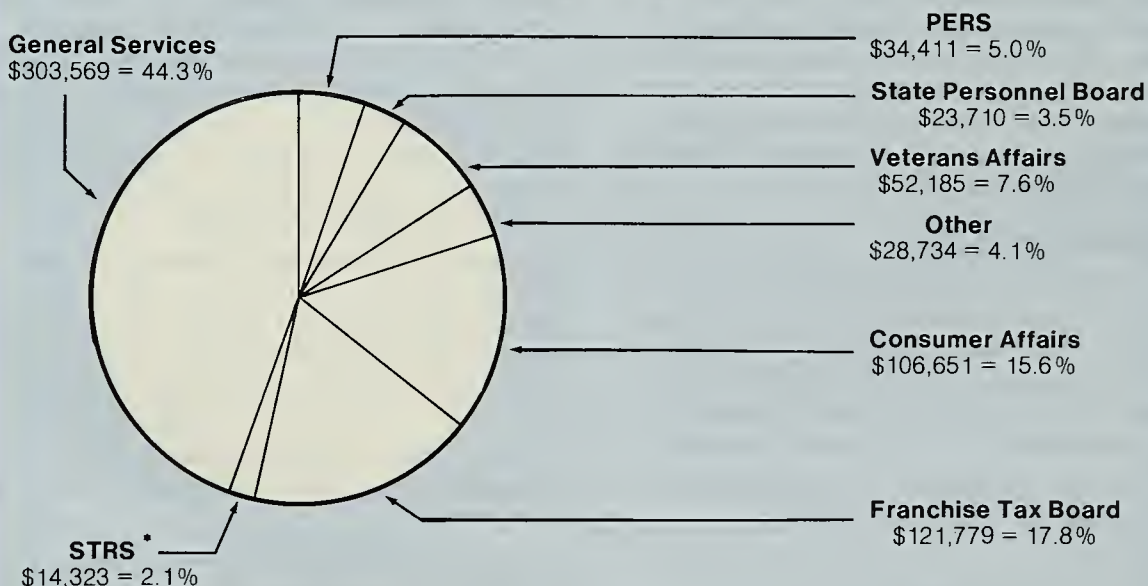
- \$4.3 million for the capital outlay program at the Veterans' Home resulting in safer, more comfortable accommodations for residents.
- 1.4 personnel years and \$75,000 to continue the Agent Orange Outreach Program (Chapter 1480, Statutes of 1984). This will ensure that veterans; and civilians who may have been exposed to Agent Orange are contacted and referred to the Federal Veterans' Administration for treatment.

## Public Employees Retirement System

The Public Employees Retirement System administers retirement, health benefits and social security coverage for State employees and employees of contracting local government entities. The 1985–86 Budget proposes expenditures of \$34.4 million to administer the system.

The System implemented two new programs in 1984–85. The two-tier retirement option now offers all State employees the choice of remaining in the present retirement plan or participating in a wholly State-funded plan with lower retirement benefits and receiving a refund of all previous

**Figure 5**  
**State and Consumer Services**  
**Proposed 1985–86 Expenditures\***  
**Amounts in Thousands**  
**(All Funds)**



\* Includes State Support Expenditures only and excludes Cal-Vet Loans and Other Special Items of Expense.



contributions. The Governor's Budget proposes the addition of \$289,000 and 11.5 personnel years to complete the implementation of this program. A second new program creates a new membership category for Peace Officers and Firefighters within PERS, and features enhanced benefits for members. To implement this program, the Governor's Budget proposes the addition of \$107,000 and 5 personnel years.

### **State Fire Marshal**

The State Fire Marshal is responsible for protecting life and property against fire. This goal is met through the development and enforcement of fire safety standards for educational, institutional, public assembly, high rise facilities and hazardous liquid pipelines. Plan reviews and on-site inspection are conducted by the department. Standards are developed and enforced regarding portable fire extinguishers, explosives, fireworks, fabrics, decorative materials, and wearing apparel. The Governor's Budget proposes expenditures of \$8.4 million, an increase of 3.3 percent.

### **Museum of Science and Industry**

The Museum of Science and Industry showcases California's industrial capabilities and accomplishments through a series of exhibits and programs. Approximately three million visitor days are expected in 1985-86. Budget provisions include funding for the opening of the Museum of Aerospace Science; the California Museum of Afro-American History and Culture; and the IMAX Theater which has significantly expanded plant operations, exhibit functions and educational activities. The Governor's Budget proposes an additional \$556,000 to support growth in various professional and trades services. Altogether, the Governor's Budget proposes expenditures of \$7.6 million, an increase of 3.4 percent.

### **Franchise Tax Board**

The Franchise Tax Board administers two of the State's major tax programs, the Personal Income Tax and the Bank and Corporation Tax. These programs account for about 54 percent of the General Fund's revenues and are discussed more fully in the section entitled "Revenue Estimates."

The Governor's Budget proposes expenditures of \$121.8 million, an increase of 7.5 percent.

In 1984-85, the Tax Amnesty Program authorized by Chapter 1490, Statutes of 1984, is being implemented by the Board. This program has the objective of closing the "Tax Gap" by collecting

more of the revenues due the State without raising taxes. Expenditures of \$3.5 million to support 98 personnel years are included in 1984-85.

Additionally, to further the Board's collection efforts, the Governor's Budget includes \$2.4 million and 78.5 personnel years for new filing, enforcement and collection efforts authorized by Chapter 1490 in 1985-86. Altogether, these activities are expected to increase net General Fund revenues by \$59 million during this two-year period. Key expenditures in 1985-86 include:

- A program to make filing false withholding exemption claims more difficult; tougher penalties for unreported cash payments to employees; and use of new information on capital gains from sales of real property, self-employed persons not currently filing, and tax shelter transactions.
- \$7 million for costs associated with the Franchise Tax Board's headquarter's relocation.

### **State Teachers' Retirement System**

The State Teachers' Retirement System (STRS) has an unfunded liability that is estimated to reach 50 billion by the turn of the century. This is not a new problem for STRS. Since the inception of STRS in 1913, allowance payments were based on insufficient employer, employee, and state contributions. This mechanism inherently created a compounding unfunded liability of substantial proportion.

Although legislation was passed in 1972 to declare that STRS would be a reserve funded system, the funding formula was not sufficient to control the growth of the unfunded liability especially in light of liberalized disability benefits. Therefore, AB 8 of 1979 established the current formula for increased State contributions to STRS. This revised formula, however, still leaves the system short of the goal of meeting full funding in 40 years.

Contributions from employers, teachers and the State comprise about 52 percent of the annual revenues to the Teachers' Retirement Fund. Approximately 45 percent of the annual revenues are currently derived from income earned on the assets of the fund. It is easy to see that the success of the investment program at STRS can greatly affect the need for additional state funding of the system.

The purpose of the fund, of course, is to pay benefits to retired members. Many recipients receive payments that are inadequate because of the effects of inflation. At the same time benefits

paid to retirees and beneficiaries will exceed \$1 billion in 1985–86.

The System's unfunded liability is one of the largest fiscal problems facing the State of California. However, these problems have evolved over the 70 years that STRS has been in existence. Rarely are there short-term solutions to long-term problems, and so it is with STRS.

The 1984–85 Budget took the first important steps in addressing these problems including full funding of the State's contributions as required under AB 8 for an appropriation of \$296.5 million, and restoring \$211.3 million withheld in 1983–84 due to the severe shortfall in the General Fund. The Governor's Budget reflects additional steps in addressing these problems and includes:

- Fully funding the State's contributions as required under AB 8 for an appropriation of \$327.5 million.
- Transferring \$127.4 million in settlement of the *CTA vs Cory* lawsuit. This payment completes the restoration of AB 8 amounts withheld prior to 1983–84.
- Providing \$72.2 million for purchasing power protection. This amount is 400 percent larger than the amount required by Education Code Section 24701 and will bring retirees up to a minimum 65 percent of the purchasing power of their original benefit. This is the highest level ever funded by the State and includes, in addition to the 72.2 million from the General Fund, \$11 million in revenues derived from the sale or lease of surplus state school lands in accordance with the provisions of Chapter 1213, Statutes of 1983.
- Participation in the 12 member panel created by ACR 62 convened to study the funding and benefit structure of STRS in hopes of developing a long-term solution to underlying STRS problems, and convening the Public Pension Systems Task Force to explore the long-term policy and funding issues facing both PERS and STRS including making both systems actuarially sound, maintaining a high proportion of original purchasing power for retirees, and streamlining administration.
- Funding staff needs and encouraging full implementation of a computerized information system.

These steps only address the immediate needs in finding a solution to the funding and operational problems facing STRS. The Administration and the Legislature must continue to work together to

guarantee the solvency of STRS for the years to come.

## California Arts Council

The California Arts Council, established by Chapter 1192, Statutes of 1975, is responsible for promoting artistic awareness and expression in California. The Council makes grants, usually on a matching basis, to arts organizations promoting community-based cultural activities in rural and metropolitan areas.

The Governor's Budget proposes expenditures of \$12,579,000. Included in this amount is an increase in grants of \$1,282,000. This augmentation is designed to increase the number of awards and the amounts granted to the Artists in Residence, Artistic and Administrative Development, Support to Prominent Organizations and Minority Arts programs.

## Industrial Relations

The Department of Industrial Relations' role in the Administration is to serve as government's balance wheel in addressing and serving the interests of labor—both organized and unorganized—management and the public. As such, the Department acts to promote healthy economic development and job creation, to encourage the full utilization of California's human resources, to develop and implement a program of regulatory simplification, to enforce the Labor Code, and to develop a range of enforcement strategies to protect worker health and safety.

The Governor's Budget provides an expenditure level of \$119.1 million, an increase of \$2.8 million above the 1984–85 base level. The budget proposes to increase the efficiency and productivity of the Department without substantial increases in personnel. One way of accomplishing this is a proposed expenditure of \$922,000 for automated equipment in the Divisions of Industrial Accidents Occupational, Safety and Health, and Labor Standards Enforcement.



# Local Government

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The Administration plans to continue to work with local agencies and the Legislature to restore more fiscal authority to local government. In 1984–85, there were successful efforts toward accomplishment of this goal. Several of the recommendations of the New Partnership Task Force were incorporated into AB 1849 and SB 794 (Chapters 447 and 448, Statutes of 1984). The AB 8 Deflator was repealed and the State's share of Vehicle License Fees was transferred to counties. The Personal Property Tax Relief subvention was eliminated and replaced by revenues from the Supplemental Property Tax. To aid in the transition from State subventions to local revenues, Special Supplemental Subventions were established for cities and special districts. The Administration successfully supported constitutional amendments during the past session to reinstate local governments' ability to use the property tax to guarantee general obligation bonds with a two-thirds vote of the electorate (ACA 55, Chapter 142/84) and to guarantee vehicle license fee subventions to local agencies (SCA 23, Chapter 162/84). There will be continued support for these measures when they are placed on the June 1986 ballot.

In addition, there are several proposals to improve local agencies' ability to carry out needed construction and rehabilitation. (See Rebuilding California—A Partnership for Progress section.) The Administration is also proposing a system of State Mandate Apportionments to improve the current system of reimbursing local agencies for State-mandated costs.

## Local Revenue

One measure used in assessing the fiscal condition of cities and counties is the change in general purpose revenues. General purpose revenues include only those revenues which may be expended for any governmental purpose, much like the State's General Fund. For 1985–86, the projected growth in general purpose revenue is 6.9 percent for cities and 8.9 percent for counties. Counties administer health and welfare programs for the State and, therefore, have no discretion over certain costs. In recognition of this, costs associated with these programs are used as an offset to county general purpose revenues.

Counties have limited control over certain court costs. Direct court costs, e.g., the budgets of superior and municipal courts and salaries for



marshals, are more controlled by the court than the county. Court-related expenditures, including criminal justice costs, are affected by agencies such as the juvenile hall which are not under the control of the county. It is difficult to assess these costs.

## State-Mandated Local Programs

The first significant effort by the State to restrict the growth in property taxes was established by Chapter 1406, Statutes of 1972 (SB 90). This legislation established maximum property tax rates to limit the amounts collected by local government and required the State to reimburse local government for the costs of any State-mandated program enacted after January 1, 1973. Additionally, it required State reimbursement of certain property, sales and use tax revenue losses resulting from State legislation.

Since 1972, a number of modifications to the original SB 90 have been enacted. These modifications have generally served to broaden the scope of activities which qualify for state reimbursement.

During this period, approximately 50 legislative bills have been acknowledged to be State mandates and have been funded with appropriations to reimburse local government for the costs they imposed.

To more effectively facilitate reimbursement for State-mandated local programs, the Commission on State Mandates was established by Chapter 1459, Statutes of 1984. (See Commission description in following section.)

The current system of reimbursing State mandates, which has been in existence for some time on an actual costs basis, is time consuming, cumbersome and expensive at both the local and state level. To further improve the reimbursement



system, the 1985-86 Governor's Budget proposes to establish a system of "State Mandate Apportionments" (SMA's) to replace all reimbursement funds except for those transferred directly to the State Teachers' Retirement System, the Public Employees' Retirement System or the Department of Social Services and the funds for newly-funded mandates. It is estimated that the

amount of SMA's for 1985-86 will be approximately \$30 million. Under this proposal, the Controller would determine the average amount of mandate reimbursements received by each local entity over the past three years, adjust that amount by changes in the Implicit Price Deflator and subvene those amounts to the local entities without their submitting claims.

### SUMMARY OF LOCAL REVENUES

(Dollar amounts in millions and expenditures per ADA in dollars)

Local Agencies	1982-83	1983-84	1984-85	1985-86
<b>Counties</b>				
Property Tax <sup>a</sup> .....	\$2,886.8	\$3,163.0	\$3,309.4	\$3,666.5
Sales Tax .....	307.1	344.5	384.1	415.2
Vehicle License Fees .....	316.3	330.6	675.0	749.1
Other Revenues .....	1,436.0	1,562.9	1,632.1	1,705.1
Total .....	\$4,946.2	\$5,401.0	\$6,000.6	\$6,535.9
Less Mandated				
Health and Welfare Costs .....	-657.2	-688.4	-727.5	-799.9
Adjusted Total .....	\$4,289.0	\$4,712.6	\$5,273.1	\$5,736.0
<b>Cities</b>				
Property Tax <sup>a</sup> .....	\$1,074.7	\$1,146.5	\$1,224.0	\$1,352.5
Sales Tax .....	1,278.9	1,434.9	1,599.9	1,729.5
Vehicle License Fees .....	122.6	144.0	460.8	510.9
Other Revenues .....	1,913.4	1,975.8	2,076.4	2,137.6
Total .....	\$4,389.6	\$4,701.2	\$5,361.1	\$5,730.5
<b>Special Districts</b>				
Property Tax <sup>a</sup> .....	\$647.5	\$712.9	\$813.1	\$914.2
<b>Education</b>				
K-12 and County Offices:				
Property Tax <sup>a</sup> .....	\$2,461.7	\$2,540.7	\$2,949.8	\$3,126.9
State Apportionments .....	6,089.4	6,823.7	7,574.5	8,342.0
Categorical Aid .....	1,446.2	1,626.0	1,799.5	1,926.4
Lottery .....	-	-	-	243.2
Total .....	\$9,997.3	\$10,990.4	\$12,323.8	\$13,638.5
ADA .....	4,235,800	4,274,700	4,362,000	4,449,800
Expenditures per ADA .....	\$2,360	\$2,571	\$2,825	\$3,065
<b>Community Colleges:</b>				
Property Tax <sup>a</sup> .....	\$390.1	\$399.4	\$444.3	\$491.8
Fees .....	-	-	68.0	69.2
State Apportionments <sup>b</sup> .....	1,025.3	1,025.7	1,040.5	1,093.2
Categorical Aid <sup>c</sup> .....	48.4	51.2	59.1	59.6
Lottery .....	-	-	-	36.0
Total .....	\$1,463.8	\$1,476.3	\$1,611.9	\$1,749.8
ADA .....	708,416	664,433	640,510	652,000
Expenditures per ADA .....	\$2,066	\$2,221	\$2,517	\$2,684

<sup>a</sup> Property tax revenue includes reimbursement for the Homeowners' and Business Inventory Exemptions. The schools' share of BIE is in the apportionment numbers for 1983-84, 1984-85 and 1985-86. The Special District amount is for general purpose activity only. Debt service and enterprise activities are excluded.

<sup>b</sup> Includes Federal Mineral Tax.

<sup>c</sup> Includes EOPS, HSPS, Deferred Maintenance and Instructional Improvement funds and, for 1985-86, transfer center funds.

The following items would impact the SMA process:

- Newly-funded mandates would have to be claimed on an actual cost basis for three years, after which time they would be folded into the SMA item;
- Savings accruing to state agencies would also be folded in; and
- Local entities not now claiming any or all mandates could submit actual cost claims for three years and then become a part of the system.

In addition, if a funded mandate is terminated or made permissive, the funding attributable to that mandate would be removed from the SMA item.

In order to have the desired effect within the proposed state mandate apportionments process, State auditing procedures will also be modified. The emphasis of any future audit will be on compliance with the mandate rather than on the amount of money spent.

## Program Growth

The following table summarizes the payments made to local government for mandate reimbursement from appropriations in legislation imposing a mandate, from State Budget Acts and from Board of Control claims bills.

## Commission on State Mandates

Chapter 1459, Statutes of 1984 (SB 2337) created a five-member Commission on State Mandates composed of the Controller, the Treasurer, the Director of Finance, the Director of the Office of Planning and Research and a public member with experience in public finance appointed by the Governor. The Commission replaces the Board of Control for local mandate issues.

**Operations.** The Commission's primary role is to determine whether local entities are entitled to reimbursement by the State for costs mandated by the State based on claims which allege that:

- They are *constitutionally* entitled to be reimbursed for "costs mandated by the state," as defined in and required by Section 6 of Article XIII B of the State Constitution.
- They are *statutorily* entitled to be reimbursed for "costs mandated by the state," as defined in and required by the Revenue and Taxation Code. This provision would apply only to claims filed after January 1, 1985 based on statutes enacted prior to January 1, 1975 or to executive orders implementing such statutes.
- A statute enacted after January 1, 1985 containing a section specifying that the costs which the statute mandates on local government are appropriately reimbursable from the State Mandates Claims Fund. This

**Summary of Payments to Local Government for State Mandates  
(Dollars in Thousands)**

<i>Fiscal Year</i>	<i>Mandate Legislation</i>	<i>Budget Acts</i>	<i>Board of Control Claim Bills</i>	<i>Totals</i>
1973-74 .....	\$3,538	—	—	\$3,538
1974-75 .....	2,655	\$14,943	—	17,598
1975-76 .....	1,376	17,963	—	19,339
1976-77 .....	20,226	18,356	\$523	39,105
1977-78 .....	4,007	52,623	—	56,630
1978-79 .....	21,443	54,434	1,203	77,080
1979-80 .....	12,013	75,565	12,202	99,780
1980-81 .....	9,947	105,377	7,572	122,896
1981-82 .....	—	101,942	33,980	135,922
1982-83 .....	610	92,886	24,183	117,679
1983-84 .....	10,000	74,671	22,028	106,699
1984-85 .....	4,937	76,070	1,366	82,373
1985-86 .....	—	95,374	17,000*	112,374
TOTALS .....	\$90,752	\$780,204	\$120,057	\$991,013

\* Estimated

Fund was created by Chapter 1459 and funded with \$10 million. The Fund may only be used to pay for a statute which the Commission determines to cost less than \$500,000 statewide during the first 12 months following the statute's operative date.

The Commission is also empowered to hear a claim from a State agency alleging that a local entity has realized a savings as the result of State legislation or regulations. (This authority is essentially the same as the former provisions contained in the Revenue and Taxation Code.) In this instance, 50 percent of such savings would be deducted from the mandate reimbursement funds to which each affected local entity would otherwise be entitled.

## Local Assistance

Local assistance expenditures include three major categories:

- assistance to individuals
- payments to service providers
- payments to local government

The payments to local government are divided into general purpose and restricted.

Assistance to individuals includes grants to individuals, for example SSI/SSP or AFDC

payments. In addition, several tax relief programs which provide assistance directly to individuals, such as the renters credit program, are included. Also included in this category are indirect payments to individuals for tax relief programs such as the homeowners' exemption. Payments in that program are made to local governments to reimburse them for the property tax loss incurred through the exemption.

Payments to service providers include expenditures for services provided by agencies other than the State. These payments could be to counties or to private contractors.

Payments to local government include expenditures which are sent directly to counties for specific programs or reimbursements for a legislative mandate. There may be only a fine distinction in some programs between payment to service providers and restricted payments to local government.

The category of general purpose payments to local government includes payments where the funds can be used for any general government purpose.

The following table shows General Fund expenditures for these categories for past, current and budget years.

### LOCAL ASSISTANCE EXPENDITURES State General Fund (In Thousands)

	1983-84	1984-85	1985-86
Assistance to Individuals			
Health and Welfare			
SSI/SSP Grants .....	\$1,107,114	\$1,262,141	\$1,397,366
AFDC Grants.....	1,489,525	1,593,775	1,683,146
Special Adult Programs .....	1,500	1,540	1,620
Office of Statewide Health Planning .....	2,589	3,863	2,880
Total .....	\$2,600,728	\$2,861,319	\$3,085,012
Tax Relief			
Homeowners' Tax Relief.....	\$333,967	\$332,900	\$334,500
Senior Citizens' Property Tax Assistance .....	1,052	8,120	8,120
Senior Citizens' Property Tax Deferral.....	7,150	8,250	9,572
Senior Citizens Renters' Tax Relief .....	3,175	33,530	33,530
Renters' Tax Relief .....	413,574	441,000	460,000
Alternative Energy Tax Credits .....	-	-	68,500
Total .....	\$758,918	\$823,800	\$914,222
Student Aid Commission .....	\$76,419	\$85,125	\$104,360
California Arts Council.....	6,588	8,070	9,352
Total, Assistance to Individuals .....	\$3,442,653	\$3,778,314	\$4,112,946



Payments to Service Providers

Health and Welfare

Department of Aging .....	\$7,023	\$16,177	\$19,156
Department of Alcohol and Drug Abuse			
Alcohol Program .....	32,345	35,820	37,165
Drug Program .....	29,702	33,105	34,357
Department of Health Services			
Public Health Services .....	96,383	109,834	123,645
Medi-Cal Assistance Program .....	1,900,701	1,928,250	2,049,926
Department of Developmental Services (Regional Centers)	558,636	658,934	703,031
Mental Health Services .....	445,446	518,588	593,819
Social Service Programs .....	161,095	224,457	307,808
Community Care Licensing .....	7,514	7,085	7,369
Department of Rehabilitation .....	44,845	57,507	64,829
Emergency Medical Services Authority .....	448	698	698
Total, Payments to Service Providers .....	\$3,284,138	\$3,590,455	\$3,941,803

Payments to Local Government

Restricted

Legislative/Judicial/Executive .....	\$66,938	\$83,532	\$84,400
State and Consumer Services .....	420	1,000	1,000
Business/Transportation/Housing .....	6,900	13,740	7,440
Resources .....	6,760	29,333	22,621
Health and Welfare			
Department of Health Services:			
Public Health Services for Local Agencies .....	845,024	878,028	920,599
County Administration .....	49,682	49,885	54,991
Department of Social Services			
County Administration .....	110,719	122,805	130,274
Department of Corrections .....	13,916	18,204	18,208
Youth Authority .....	64,969	68,517	70,869
Education			
K-12 Categoricals .....	2,136,200	2,370,400	2,531,300
Contribution to Teachers' Retirement Fund .....	359,171	336,860	399,713
Community College Categoricals .....	47,313	75,435	73,014
Student Aid Commission—CAL SOAP .....	—	145	497
Other Governmental Units .....	28,757	38,350	38,396
Shared Revenues—Tidelands .....	369	500	500
Local Mandates .....	111,253	82,418	95,219
Total—Restricted .....	\$3,848,391	\$4,169,152	\$4,449,041

General Purpose

Education

K-12 Apportionments .....	\$6,270,404	\$6,956,710	\$7,690,216
Community College Apportionments .....	1,016,145	1,035,689	1,088,401
Other Governmental Units			
Aid to Local Government .....	—	\$4,579	—
Tax Relief			
Personal Property Tax Relief .....	\$301,843	— <sup>o</sup>	— <sup>o</sup>
Open Space .....	13,527	14,100	14,100
Subventions for Revenue Loss .....	3,784	4,581	—
Substandard Housing .....	70	98	102
Proposition 13 Fiscal Relief .....	2,354	—	—
Special Supplemental Subventions .....	—	82,800	49,500
LA County Medical Assistance Grant Program .....	—	200,000	—
Total—General Purpose .....	\$7,608,127	\$8,298,557	\$8,842,319
Total Payments to Local Government .....	\$11,456,518	\$12,467,709	\$13,291,360
Estimated Unidentifiable Savings .....	—	—60,000	—100,000
Total, General Fund Local Assistance .....	\$18,183,309	\$19,776,478	\$21,246,109

<sup>o</sup> Reflects legislation which eliminated the Personal Property Tax Subvention.

## Report on 1985-86 Budget's Compliance with Appropriation Limit Set by Article XIII B

In 1979 California voters passed Proposition Four imposing limits on certain kinds of appropriations made from tax revenues. This proposition established a limit on the growth of certain appropriations based on changes in the Consumer Price Index and population. In addition, there are provisions to adjust for changes in financial responsibility among levels of government.

The State's appropriation limit is established in Control Section 12.0 of the Budget Act. As required by Article XIII B, the table below sets forth the appropriation limit adjusted to reflect any shifts in financial responsibility and the estimated appropriations subject to limitation. The 1985-86 appropriation limit is based on the Governor's Budget and will be adjusted to account for legislative changes.

### STATE APPROPRIATION LIMIT (In millions)

	<i>1978-79 Base</i>	<i>1979-80</i>	<i>1980-81 Limit</i>	<i>1981-82 Limit</i>	<i>1982-83 Limit</i>	<i>1983-84 Limit</i>	<i>1984-85 Limit</i>	<i>1985-86 Limit</i>
State Appropriation Limit .....	\$12,564	\$14,195	\$16,236	\$18,028	\$19,580	\$20,368	\$21,746	\$23,095
Appropriations Subject to Limitation .....	—	—	— 15,533	— 16,733	— 16,268	— 17,737	— 20,629	— 21,323
Amount Under Limit .....	—	—	\$703	\$1,295	\$3,312	\$2,631	\$1,117	\$1,772

# Rebuilding California— A Partnership for Progress

The Administration believes that a partnership joining the State, local government and the private sector is needed now to continue the progress toward repairing, refurbishing and rebuilding the State of California. This effort will include \$25 billion between 1984–85 and 1989–90 and proposals to provide the tools that localities need to meet their own particular needs.

The Administration will seek legislation to permit innovative methods of financing, such as bond pooling, and will promote alternative methods to meet public needs, such as privatization. Legislation will also be proposed allowing local governments to create districts for rehabilitation of essential public projects.

The Administration will also be working with local government and the Legislature to determine the best way to allow localities to raise the necessary resources to meet their urgent capital needs, particularly for local streets and roads. The approach to this problem must be one in which local governments and taxpayers decide, through a vote of the people, how they can best solve the problems unique to their community.

## State Expenditure Program

Capital expenditures have been given a consistently high priority by this Administration. However, in view of recent reports indicating that there are substantial needs for facilities traditionally provided by the State and local governments, this budget includes proposals to allocate additional resources for capital improvements. We expect that a relatively intensive effort to meet these needs will be required over the foreseeable future. As shown in Table 1, it is estimated that the State will spend \$23.8 billion on various kinds of capital expenditures over the six year period 1984–85 through 1989–90. These expenditures are from several sources, primarily the proceeds of State general obligation bond sales previously authorized by the voters, tidelands oil revenues and, for transportation, State and Federal gasoline tax revenues.

Additional expenditures are expected from one-time revenues as a result of litigation. The State Lands Commission is engaged in litigation against several oil companies regarding the State's receipts for oil extracted from the Long Beach tract and other tidelands. One settlement has occurred and will result in a deposit of \$19.7

million to the Special Account for Capital Outlay in the current year and \$1.8 million in 1985–86. The Governor's Budget proposes that these settlement monies be used to partially fund the first phase of necessary testing, monitoring and replacement of state-owned underground storage tanks (\$12 million) and for renovation work at the University's teaching hospitals (\$10 million).

In another action, the State is in negotiation with the U.S. Department of the Interior regarding revenues due to the State under the 1978 amendments to the Outer Continental Shelf Lands Act. In excess of \$5.4 billion is now being held in escrow for California, Alaska, Louisiana and Texas. The amount of these funds which California might receive is uncertain.

When additional settlements take place, the Administration proposes using those revenues in the following priority order:

1. Subventions for maintenance of local streets and roads .....	\$100,000,000
2. Acceleration of the cleanup of toxic sites which pose the most serious threats to public health.....	75,000,000
3. Solid waste management and disposal.....	100,000,000
4. Reduction of the deferred maintenance backlog at State-owned facilities.....	100,000,000
5. Construction of two Southern California prisons, as included in the Department of Corrections' Facilities Master Plan.....	200,000,000
6. Construction of major new State office buildings .....	125,000,000

Planned expenditures include the following:

**Transportation Systems.** As shown in Table 1, current and planned expenditures on the State Highway program from 1984–85 to 1989–90 total \$7 billion. Over the same period local assistance (primarily Federal funds) and the local government share of existing Motor Vehicle Fuel tax revenues for streets and roads totals \$4.8 billion. The Administration also plans to allocate \$100 million from tidelands oil settlements for a one-time subvention to local governments for deferred maintenance of streets and roads.

Ultimately, those local governments faced with the most serious needs for capital improvements may need to ask the voters for approval to increase revenues. However, even in these cases, the provision of one-time subventions to local governments from the tidelands settlements will assist while they await necessary State legislation.



**Toxic Cleanup.** One of the most critical environmental and health needs in California at this time is the protection of the public from exposure to toxic waste. In the November 1984 general election, the Hazardous Substances Bond Act of 1984 was approved, providing \$100 million to clean up those sites identified as posing the most serious threat to public health. During 1985–86, 88 positions will be allocated to implement and administer this program so that it becomes operational as quickly as possible.

The 1985–86 Budget proposes \$12 million in capital outlay expenditures for initial testing, monitoring and replacement of underground storage tanks at State facilities and \$11.4 million to reimburse local governments for similar efforts regarding their storage tanks.

Proposed expenditures on a variety of programs to protect the public from toxic chemicals are discussed in the Environmental Quality section. Additional expenditures totaling \$75 million for capital outlay projects are proposed from the anticipated tidelands oil revenue settlements.

**Disposal of Municipal Waste.** Approximately \$100 million from the tidelands oil settlement will be reserved to address solid waste disposal problems faced by local governments in California. These include correction of gas migration and other hazards created by existing land fills, efforts to facilitate practical methods of recycling metals and other waste materials which can be recovered for future use, and where economically feasible, the construction of plants to burn refuse for energy production.

**Prisons.** The Governor's Budget contains \$12 million for continued development of the new prison construction program and for renovation of existing correctional facilities. \$10 million from the Special Account for Capital Outlay is proposed as a construction cost augmentation reserve for bond-financed projects. It is anticipated that additional lease-purchase authority or financing from tidelands oil settlements of approximately \$200 million will be required to complete the \$1.2 billion, ten-prison expansion program now underway.

**Local Schools.** As shown in Table 1 the 1985–86 Budget includes proposed expenditures of \$245 million for assisting local school districts to construct needed facilities. Total expenditures for construction and maintenance between 1984–85 and 1989–90 are estimated to be \$1.8 billion. These funds are tidelands oil revenues and the proceeds from State general obligation bond

sales. The most recent authorization of general obligation bonds was at the November 1984 election. The combination of tidelands oil revenues and bond proceeds provides ample funding for local school construction through 1986. If the initiative on the June 1986 ballot which would allow local governments to again issue general obligation bonds is approved by the voters, the need for funding from the State will be reevaluated. (For further discussion of this bond initiative, see page 51.)

**Higher Education.** State expenditures on facilities for public higher education in California from 1984–85 to 1989–90 are estimated to be \$1.5 billion. Higher education facilities are an area of continued capital expansion. In 1985–86, high technology facility bonds are proposed to finance \$101 million of engineering and science facilities. Direct funding of \$134 million from COFPE (Capital Outlay for Public Higher Education) and SAFCO (Special Account for Capital Outlay) is budgeted for other facilities and for code compliance work, including \$10 million for renovation work at the University's teaching hospitals.

**State Hospitals.** The Governor's Budget contains \$46 million for fire and life safety and other work related to licensure and accreditation at the State hospitals. In addition, work at the Veteran's Home is budgeted at \$11 million.

**Parks.** To meet increased demand for State park services, the Governor's Budget includes \$33 million for acquisition, development and renovation. In addition, the project nomination and selection process under the provisions of the California Park and Recreational Facilities Act of 1984 will result in the proposed funding of bond-eligible projects during the spring.

**State Water Project.** The Department of Water Resources, under the Governor's Budget and existing statutory authority, proposes the expenditure of \$432 million in 1985–86 for continued operation, maintenance and development of the State Water Project.

**TABLE I**  
**PROGRAM FOR REBUILDING CALIFORNIA**  
**(Dollars in Millions)**  
**(Budgeted Basis Unless Otherwise Shown)**

<b>STATE CAPITAL OUTLAY PROGRAM</b>	<b>1984-85</b>	<b>1985-86</b>	<b>1986-87<sup>1</sup></b>	<b>1987-88<sup>1</sup></b>	<b>1988-89<sup>1</sup></b>	<b>1989-90<sup>1</sup></b>	<b>Total</b>
Highways.....	\$1,190*	\$1,411	\$1,156	\$1,120	\$1,076	\$1,067	\$7,020
Water Project .....	401*	432	455	468	471	484	2,711
Higher Education .....	161	235	318	321	250	225	1,510
State Hospitals .....	24	57	33	32	24	6	176
CDC and CYA Facilities .....	520	260	248	8	9	15	1,060
Underground Storage Tanks & Toxics							
Cleanup .....	—	112	25	38	12	—	187
Parks and Recreation <sup>2</sup> .....	47	33	41	47	27	11	206
Other .....	22	108	146	80	100	80	536
Total—Capital Outlay Program .....	\$2,365	\$2,648	\$2,422	\$2,114	\$1,969	\$1,888	\$13,406
<b>MAINTENANCE OF STATE FACILITIES</b> .....	162	82	195	210	210	215	1,174
Total—State Program .....	\$2,527	\$2,830	\$2,617	\$2,324	\$2,179	\$2,103	\$14,580
<b>STATE LOCAL ASSISTANCE PROGRAM</b>							
Planned Allocation of Tidelands Settlements							
K-12 Construction <sup>1</sup> .....	\$335	\$245	\$400	\$255	\$150	—	\$1,385
K-12 Maintenance .....	100	81	80	70	70	70	471
Streets and Roads							
—Local Assistance .....	291*	279	270	270	270	270	1,650
—Shared Revenues .....	540	541	536	531	526	521	3,195
Mass Transportation .....	195*	187	175	115	102	102	876
Underground Tanks Mandate .....	—	11	15	18	21	24	89
Airports .....	6*	5	3	3	3	3	23
Flood Control .....	18	18	18	18	18	18	108
Domestic Water Systems .....	20	40	15	—	—	—	75
Waste Water Treatment .....	71	65	65	65	65	65	396
Local Jails .....	74*	124	210	162	—	—	570
County Hospitals .....	10	—	—	—	—	—	10
Senior Citizens Centers .....	—	25	25	—	—	—	50
Parks and Recreation .....	33	50	62	64	66	43	318
Beach Erosion Control .....	3	2	2	2	2	2	13
Total—Local Assistance .....	\$1,696	\$1,673	\$1,876	\$1,573	\$1,293	\$1,118	\$9,229
Total (Capital Outlay and Local Assistance) .....	\$4,223	\$4,503	\$4,493	\$3,897	\$3,472	\$3,221	\$23,809
<b>PLANNED ALLOCATION OF TIDELANDS SETTLEMENTS<sup>3</sup></b>							
1. Local Streets and Roads.....	—	—	—	—	—	—	100
2. State Facilities Toxics Cleanup.....	—	—	—	—	—	—	75
3. Solid Waste Management .....	—	—	—	—	—	—	100
4. State Facilities Deferred Maintenance.....	—	—	—	—	—	—	100
5. State Prison Construction .....	—	—	—	—	—	—	(200) <sup>4</sup>
6. State Office Construction.....	—	—	—	—	—	—	125
Total—State Expenditures .....	—	—	—	—	—	—	\$500
Local Bond Pooling .....	—	—	—	—	—	—	\$650
Privatization.....	—	—	—	—	—	—	\$125
Total—Program for Rebuilding California .....	—	—	—	—	—	—	\$25,084

<sup>1</sup> Estimates based on agency requests not yet subject to detailed review.

<sup>2</sup> Additional bond-funded projects will be proposed in Spring, 1985.

<sup>3</sup> Since the timing of these revenues is uncertain at this time only totals are shown.

<sup>4</sup> Non-add; included under State CDC and CYA Facilities in 1986-87.

\* Expenditure basis.



## General Obligation Bond Initiative

In addition to State expenditure programs, this Administration is proposing several changes in existing law which will give local governments the flexibility they need to solve the problems they face. Until the passage of Proposition 13 in 1978, general obligation bonds issued by local governments were an important source of funding for capital outlay projects. Because Proposition 13 effectively proscribed the use of property tax revenues to retire general obligation bonds other than those approved by the voters prior to June 6, 1978, this source of financing has been denied local governments since 1978.

The Administration believes that local governments should have the option of placing general obligation bond financing measures before the voters who would benefit from proposed issuances and who would be taxed to retire these bonds. A measure on the June 1986 ballot would again allow the use of property tax revenues to retire general obligation bonds, subject to the approval of 2/3 of the voters. Allowing such local elections would enable the electorate to approve funding for badly needed capital expenditures. The requirement for a 2/3 margin of approval would prevent excessive use of debt financing and is consistent with the intent of Proposition 13.

## Pooling of Local Bond Issues

Though unable to issue general obligation bonds, local governments have been able to issue revenue bonds. However, smaller jurisdictions are often not able to make the best use of such issuances because there are economies associated with increases in the amount of an issue. Administrative costs of issuance increase less than proportionately to the amount of bonds being sold and larger bond issues often can be sold at lower interest rates than smaller ones. Local governments in California and elsewhere in the nation have generated significant cost savings by pooling their bond issues. Local governments in California have been unable to use bond pooling to best effect because of legal and administrative constraints. The Administration will propose legislation to allow pooling of local bond issues. Such legislation would provide for consolidation of local bond issues, but would neither guarantee repayment of the bonds sold, nor infringe on local authority to determine what should be done with bond sale proceeds. No expenditure of State funds would be required.

The proposed legislation would allow statewide

consolidation of bond issuance for larger projects such as capital construction and would allow regional consortiums for smaller issues such as equipment purchases. It is difficult to estimate the importance of bond pooling because we do not know how many local governments would participate. However, based on experience in other states and regional pooling arrangements in California, annual savings of \$130 million seem possible.

## Privatization

In order for local government to provide needed facilities in the most cost effective manner, it is increasingly necessary to utilize private sector resources in areas previously reserved for public entities. At present each such project must be approved through specific legislation. Privatization is being used by the State as a means of financing prison construction under the provisions of Chapter 1743/84, (SB 450). The City of Norco was also authorized to enter into a privatization agreement for construction and operation of a waste water treatment plant by Chapter 1112/84. Some oversight of privatization efforts is necessary, but a process should be devised which does not delay the completion of needed construction projects. The Administration will propose legislation to create such a process. Our proposal will also include provisions for protection of the public against abuses of privatization. Because privatization has not been used often in California, it is difficult to estimate the potential impact. However, if over the five-year period of 1985–86 to 1989–90, privatization allowed 20 percent of unfunded waste water disposal projects to proceed, it would increase public facilities expenditures by approximately \$125 million.

## Rehabilitation Districts

Under current law Redevelopment Districts can be created to deal with the problems of urban, blighted areas. However, it has become common for communities in California which would not normally be considered blighted to have substantial needs for maintenance or construction projects. The Administration will propose legislation to allow creation of Rehabilitation Districts by such communities.

Tax increment financing, the mechanism used to fund Redevelopment Districts would likely not be useful to Rehabilitation Districts, simply because provision of public facilities for areas which are not blighted seems unlikely to generate any significant increases in the property tax base. However, such



districts could issue revenue bonds, general obligation bonds (if the June 1986 initiative is approved by the voters) and could enter into agreements with private firms to construct and/or operate needed facilities.

## State Indebtedness

Except in cases of war or insurrection, Section 1 of Article XVI of the California Constitution prohibits the Legislature from creating any debts or liabilities which exceed \$300,000 unless such debts or liabilities have been authorized by a vote of the people. This principle has remained unchanged since its inclusion in the original State Constitution of 1849. Within the constraints of the Constitution, three broad categories of State indebtedness have arisen: (1) general obligation bonds; (2) revenue bonds; and (3) other long-term commitments (lease-revenue bonds and certificates of participation).

**General Obligation Bonds.** General obligation bonds are authorized by a vote of the electorate. These bonds are general obligations of the State of California and the full faith and credit of the State is pledged for the payment of principal and interest. Under the Constitution, the State is obligated to pay the debt service costs of general obligation bonds. The State Treasurer is responsible for the sale of debt obligations of the State and its various authorities and agencies. In calendar year 1984, the Treasurer sold \$680 million of general obligation bonds. Over the next 18 months, it is estimated that the Treasurer will sell an additional \$1.4 billion of these bonds.

As of December 31, 1984, the State had \$7.1 billion of general obligation bonds outstanding. In addition, general obligation bond authorizations in the amount of \$4 billion remained unissued which included 6 bond propositions totalling approximately \$1.6 billion passed by the voters on November 6, 1984. These new authorizations are: \$325 million for Clean Water Bonds; \$450 million for School Building Lease-Purchase Bonds; \$100 million for Hazardous Waste Removal Bonds; \$75 million for Safe Drinking Water Bonds; \$650 million for California Veterans Bonds; and \$50 million for Senior Center Bonds. General Fund costs for general obligation bonds in 1985-86 are estimated to be \$486 million, or 1.7 percent of all General Fund expenditures.

**Revenue Bonds.** Certain State agencies and authorities have been authorized by the electorate to issue revenue obligations for which the General Fund has no liability. Currently, there are 17 of

these agencies and authorities. Ten of these entities have debt limitations which total \$9.5 billion, while the remaining entities have no statutory limitations on the amount of debt they may issue. There was \$7.4 billion of revenue bonds and notes outstanding as of December 31, 1984. Three agencies account for over 60 percent of this total: the California Housing Finance Agency—\$2.0 billion; the California Health Facilities Authority—\$1.3 billion; and the California Pollution Control Financing Authority—\$1.2 billion. Revenue bonds represent both obligations payable from State revenue-producing enterprises and projects and conduit obligations payable from revenues paid by private users of facilities financed by such revenue bonds. While there is no General Fund expenditure impact attributable to these revenue bonds, their sale can have a significant impact upon the California governmental bond market.

**Other Long-Term Obligations.** As of December 31, 1984, there were approximately \$109 million of General Fund commitments stemming from agreements involving lease-revenue bonds and certificates of participation. These agreements are not general obligations of the State, but State rental payment commitments are the source for the payments of principal and interest on bonds or certificates.

# Employee Compensation

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The Governor's ability to provide compensation programs to promote the development of the State work force must be achieved through negotiations as part of the collective bargaining process. This bilateral process between management and employee representatives to negotiate both compensation and working conditions is required as a result of passage of the State Employer-Employee Relations Act (SEERA) in July of 1978 which established collective bargaining in State government. The Higher Education Employer-Employee Relations Act (HEERA) provides for a similar system with respect to both academic and nonacademic employees of the University of California (UC) and California State University (CSU). Additional information on the UC and CSU employee compensation program is contained in the Higher Education section of this budget.

As a practical matter, virtually all conditions of employment are subject to collective bargaining and must be addressed in the Memoranda of Understanding (MOUs). Issues which have been negotiated under SEERA include:

- Salaries, compensation levels and allowances, and payments for work-related expenses.
- Holidays, vacation, sick leave, leaves of absence, time off, overtime and training.
- Health insurance, life insurance, disability benefits and rehabilitation services.
- Employee performance reviews and other conditions of employment.

The SEERA and the HEERA both exclude from collective bargaining the basic functions of the employer, including merit employment principles and the necessity or organization of any service or activity provided by law.

## Compensation Policy

The Governor's compensation policy is to reward employees in relation to their performance. The ability to encourage productivity and creativity through the compensation program is the key to building more efficient and effective State government and improved services to the public. This philosophy has been demonstrated through the compensation programs over the last two years which have significantly exceeded both the California Consumer Price Index (CPI) and California wage trends. In conjunction with these

compensation programs, the Administration will continue to require, through negotiations, both administrative and policy reforms necessary to streamline government operations and allow State employees to deliver services in a proficient manner.

Salary programs for the UC and the CSU systems have been designed to recruit and retain an excellent caliber of faculty. The proposed budget salary program provides increases to bring faculty salary levels in line with those found at comparison institutions throughout the nation.

This compensation policy has been utilized in formulating the compensation programs for the current and budget years.

## 1984-85 Program

Objectives of the 1984-85 employee compensation program include providing sufficient funds to recruit and retain qualified employees, provide incentives to increase efficiency and achieve other required administrative reforms. Significant accomplishments include:

- The attainment through the bargaining process of measurable reforms and improvements to State operations in exchange for the "up to" 10 percent funding provided by the Administration.
- The development and implementation of a second-tier retirement alternative for PERS miscellaneous employees designed to provide employees with retirement benefit alternatives.
- The establishment of a \$1 million child care fund to provide child care programs for dependents of State employees.

## 1985-86 Program

The 1985-86 Budget proposes a compensation package of up to 6.5 percent to fund salary and benefit increases, including salary realignments, or any other changes in terms or conditions of employment.

Based on various indicators for 1985-86, such as the projected CPI and the California Average Wage Gain, both at 4.8 percent, the 6.5 percent increase will be sufficient to continue to provide a competitive compensation package necessary to recruit and retain qualified employees, provide incentives for increased productivity and achieve other required reforms. The following charts show



that salaries for State employees have kept pace with CPI and average wage gains received by California employees throughout the years. Figure 6 displays the year-to-year percentage change in the average wage increase for public and private employees in California, the average salary increase for State employees and the CPI Index. Figure 7 displays the relative increase in the above factors using fiscal year 1959–60 as a base year.

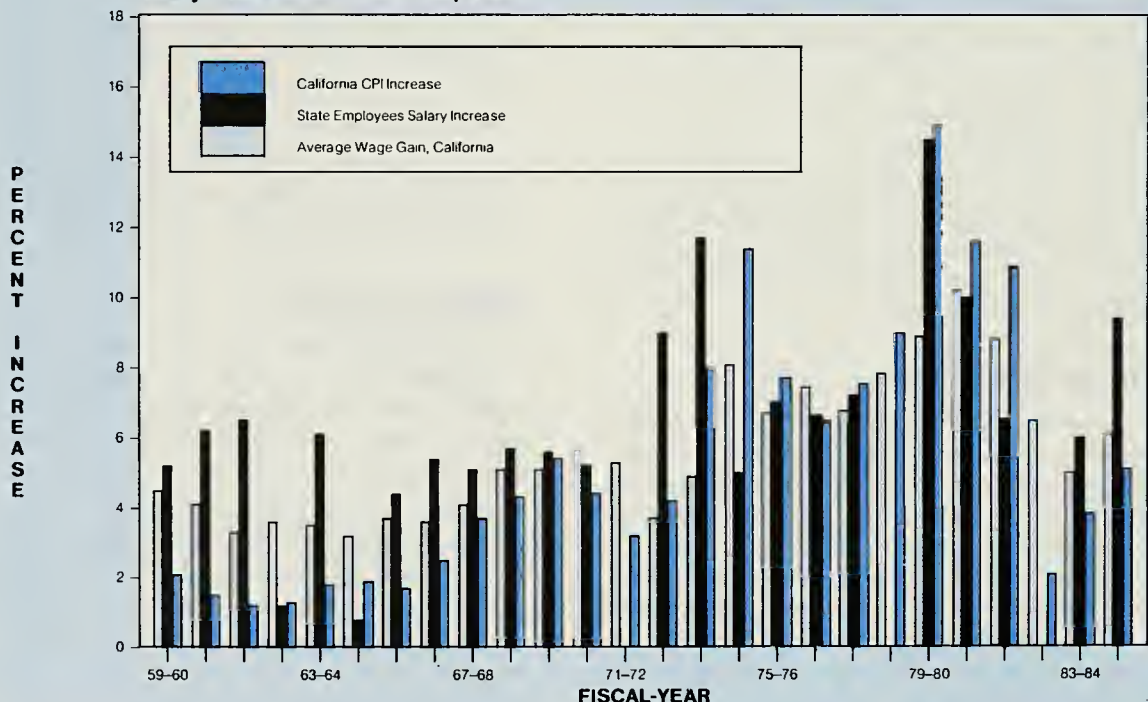
## Management Task Force

The Management Task Force established in 1984 will continue to review the manner in which State government operates, and look for more efficient means of providing appropriate services to the public. The Task Force will promote initiatives in the areas of program delivery administrative practices and other management reforms. To the extent that the implementation of these reviews reduce the number of State employees, alternatives to the potential layoff of employees will be pursued to ensure that our interest to avoid layoffs whenever possible is maintained.

One specific area to be explored is the potential of

expanding the existing Early Retirement program. The current program authorizes the Governor to grant a two-year service credit as an incentive to retire, thus creating vacancies and continuing employment for employees facing layoff. While continuing the provision that the Early Retirement Program shall be funded through economies realized from early retirement, variations to other elements of the current program should be considered. The Task Force will assess the feasibility of expanding the program to provide for authorization of age credits, modifications to the computation of final salary as it relates to retirement and broadening eligibility beyond departmental boundaries so that all members of affected classifications could participate in the program. In addition, exploration of providing cash incentives for employees to leave State service when employees are not eligible for retirement will be assessed. In general, the goal will be to continue to avoid layoffs whenever possible and explore innovative approaches to reduce the impact on employees and their families when staff reductions make layoff a realistic possibility.

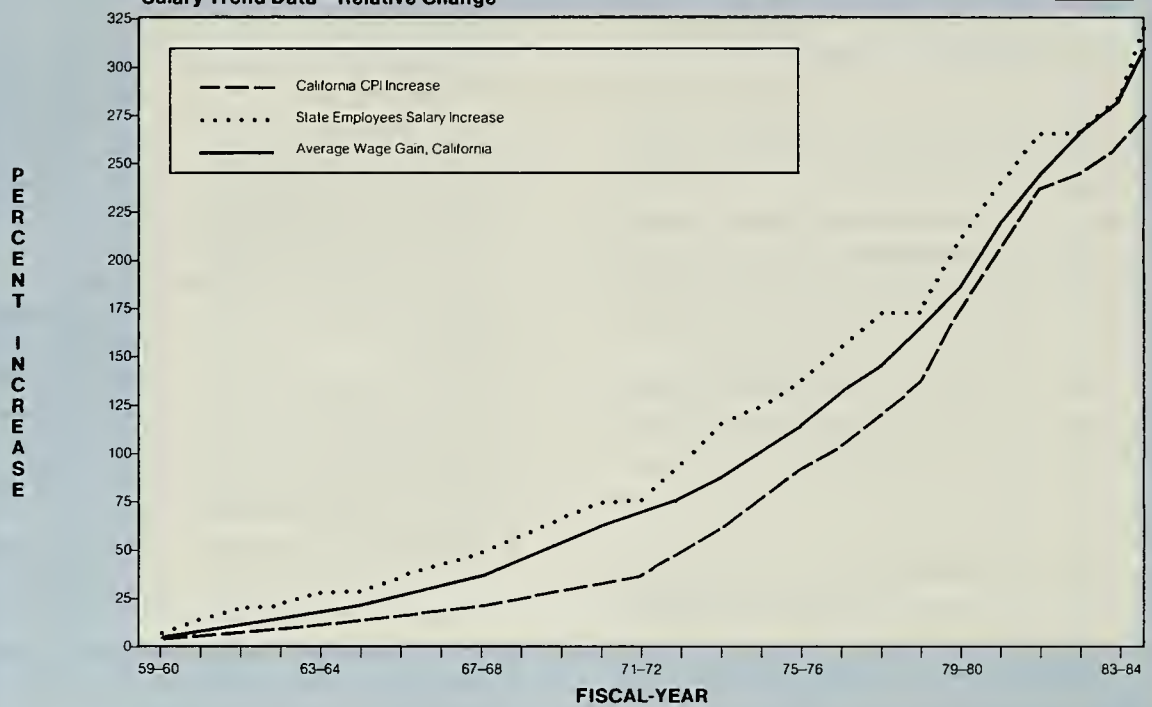
**Figure 6**  
**Salary Trend Data—Annual Comparison**







**Figure 7**  
**Salary Trend Data—Relative Change**



# Economic Forecast

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The annual budget process is dependent on accurate and reliable economic forecasts. The interrelationship between the budget and economic forecasting exists because State revenues and expenditures are sensitive to the health of the economy.

In order to guide the budget-building process effectively, the Department of Finance makes assumptions concerning the economy of California and the Nation for the coming fiscal year. Budget decisions are based on these assumptions.

The following pages explain the economic assumptions that underlie the Governor's 1985-86 Budget.

## National Outlook

One year ago there was relatively little uncertainty concerning the outlook for the economy. It was obvious that a recovery from the longest postwar recession was underway. Only the degree of the rebound was in doubt. As it turned out, the upturn was far stronger than almost anyone expected. The forecast in the Governor's 1984-85 Budget, although higher and more accurate than that of most economists when it was prepared, still proved somewhat low.

The situation this year is considerably different. The range of forecasts of various economists is somewhat wider than before, yet there is a clustering of forecasts around 3 percent for real growth in 1985. Such clustering is frequently indicative of a greater-than-usual degree of uncertainty.

Weakness in retail sales, housing activity, employment and income gains in the second half of 1984 may prove to have been only a temporary pause in a long-term expansion. If this is the case, the recent decline in interest rates would lead to a resumption of more normal growth during the coming year. This is the basic assumption underlying the standard economic forecast.

From this point on, gains will be more moderate than before given the maturing of the recovery. Car sales and housing starts, for instance, are expected to be down slightly from 1984 levels. Income gains will be slower, reflecting the slower rate of employment growth and the fact that inflation remains under control. The latter factor will preclude an acceleration in average wage gains.

Business investment may hold the key to 1985. Recent quarters have seen a major expansion in plant and equipment spending. Overall, investment in plant, equipment, and business inventories represents less than 15 percent of real GNP, yet it accounted for more than half the real growth achieved in 1984. The inventory factor alone was responsible for nearly 30 percent of last year's gain. Any sustained slowdown in these components could result in a prolonged period of weakness.

Under the assumption that the slowdown of the past half year was of a temporary nature, the economic forecast prepared in November of 1984 calls for average growth in 1985 and 1986. The forecast includes the following:

- Real GNP up 3 percent in 1985, and 3.3 percent in 1986; led by renewed strength in the consumer sector.
- An accommodative monetary policy which will lead to only a modest rise in interest rates in mid-1985.
- Car sales of 10.2 million units for both 1985 and 1986.
- Housing starts at 1.7 million units in 1985; rising to 1.8 million in 1986.
- Corporate profits up by 2 percent in 1985, and up 15 percent in 1986.
- Employment higher by 2.6 percent, with the jobless rate falling to an average 7.2 percent of the labor force.

## Alternative National Forecasts

Other interpretations of the outlook are possible. The current expansion is now 26 months old. Since World War II the average peacetime expansion lasted 34 months. This fact alone raises concerns about the longer-term outlook. If the business cycle repeats itself as in the past, a downturn can be expected sometime between 1985 and 1988. The extended forecast of the Department of Finance recognizes this possibility by building in a mild recession in 1987. It would be unprecedented in recent history if any slump at all was avoided through the end of the decade.

Indicators of the last several months have given, if anything, mixed signals on the economy. Generally these have been attributed to unusual factors tending to distort the data with the conclusion that early 1985 should see a renewed growth phase.

However, the somewhat negative elements should not be dismissed totally. In fact they may be indicative of more than a temporary pause. To cite some of the critical factors:

- The inventory/sales ratio is increasing. While not at an overly high level, it does reflect some inventory overhang in a few sectors.
- Consumer credit, a major element in the recovery to date, has increased sharply in relation to income. The room for further gains would appear to be more limited.
- Industrial production has been on a plateau since mid-1984. Durable goods orders have fallen off, presaging possible cutbacks in future production levels.
- Monetary policy has not been sufficiently lenient in the past several months to preclude a conflict between private and public borrowing needs in mid-1985. Relaxing policy now may be too late to avoid a slump within the next 12 months.
- The national index of leading economic indicators had fallen for three out of five months as of October 1984—the last data available at the time these comments were prepared.

Given these uncertainties, it is more important now than ever that the following alternative forecasts be given due consideration.

- The low-side scenario calls for a 5-quarter recession starting in the first quarter of 1985 and bottoming out in the first quarter of 1986. While not as severe as the 1981–82 downturn, it would nevertheless represent a radically different outlook than the standard forecast.
- The high alternative calls for a sharp snapback in growth this year, with continued above-average gains in consumer and business expenditures. The expansion is accompanied by higher inflation rates, a higher deficit, and, eventually, restrictive action by the Federal Reserve. This action would be taken to curtail what will be perceived as an excessive, and unsustainable, rate of growth. Under this scenario, the chances of a fairly severe recession in 1987 and 1988 increase markedly.

These alternative forecasts do not exhaust the range of possible developments. Yet another possibility is a growth recession. Such a recession would be a period of several quarters of real growth at 1 percent or less. The sideways movement of the economy would reflect minor gains in some sectors and losses in others. In this instance, the fact that an outright recession was

avoided would permit the economy to adjust for existing imbalances with relatively minor discomfort. In a way, this is the “soft landing” noted in the past in connection with Federal Reserve policies. While the soft landing scenario has never yet been achieved, it remains another alternative for a period of transition.

It is extremely difficult to assign probabilities to a series of forecasts. At best, such figures are subjective. The Department of Finance places a 50 percent probability on the standard forecast occurring, a 30 percent chance for the lower alternative, and a 20 percent chance for the higher scenario.

## California Outlook

As would be expected, California has experienced an even better recovery than the Nation during the past year. Based on preliminary estimates:

- Nonagricultural wage and salary employment rose by 6.1 percent, compared with a 4.4 percent gain nationally.
- Personal income surged ahead by 12.1 percent. The national rise was a more modest 9.9 percent.
- Housing activity was up 30 percent to 218,000 units—the highest level in six years.

Virtually every sector in California has seen a major improvement with higher levels of employment reflecting stronger sales and modest inflation. The one exception has been State and local government, where a much stronger fiscal situation has been accompanied by little, if any, change in employment.

Assuming the standard forecast for the Nation proves accurate, the coming year is likely to see a settling back of growth to more normal, sustainable levels. Even so, the State will continue to outperform the Nation.

- Manufacturing will see continued support from the aerospace/electronics industry which is benefiting from both increased defense spending and the expansion in consumer and commercial electronics.
- Further strong gains are anticipated in construction. The sharp rise in nonresidential contracts awarded in 1984 will continue to be felt this year. In addition, only a modest slowdown in housing authorizations is forecast, reflecting the combination of still-high interest rates and continued supply shortages overall in the State.



- The services sector, long a source of strong growth during an expansion and a source of stability during a recession, will move ahead due in large part to the growing role of business and health services. The business services component includes the fast-growing computer field.
- Retail trade is dependent on trends in consumer confidence and income. Given the national forecast, trade should see another year of good growth.

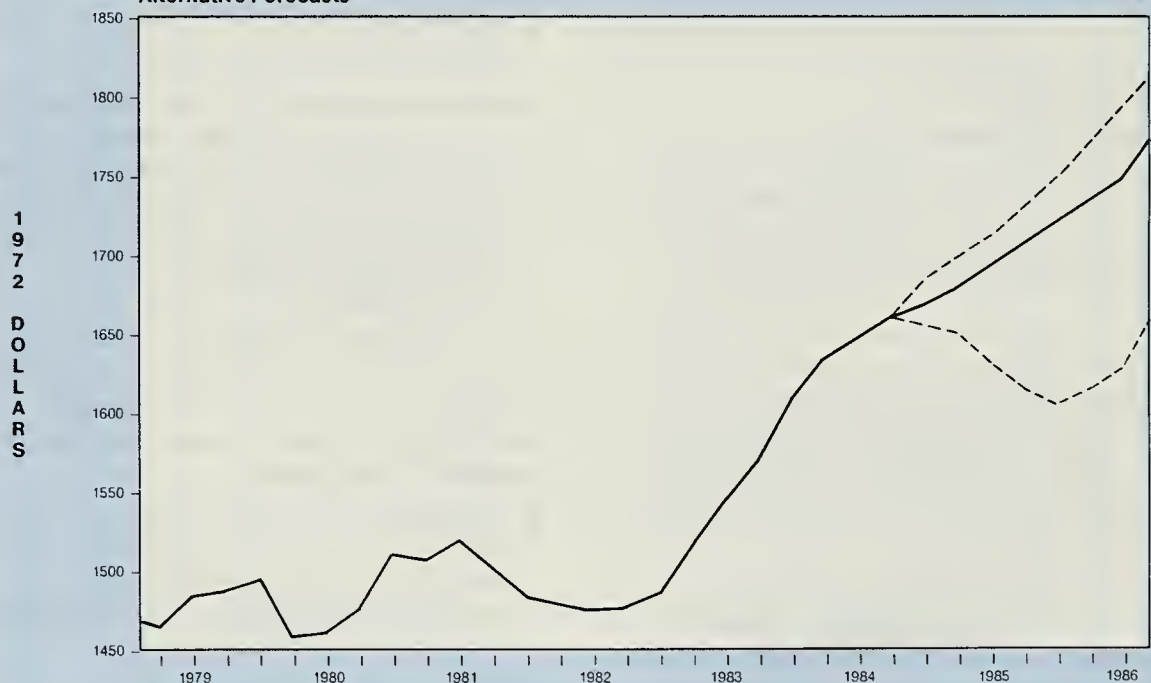
Overall, personal income is expected to be up 8.6 percent this year. This reflects an employment gain of 3.7 percent. A moderate inflation rate of 4.9 percent is forecast. These increases are significantly better than those forecast for the Nation.

The same concerns regarding an eventual downturn exist for California as for the Nation. The

longer-term view incorporates a modest slump in 1987, with recovery in 1988. The two alternative forecasts see a pronounced difference from the standard outlook.

It is important to note that the California forecast is based on actual data through only the second quarter of 1984 with preliminary data for the third quarter. Estimates for the second half of the year may be subject to major revision within the next six months. Most economists feel comfortable with forecasts for only one year in advance. The forecasting hazards of data revisions which can change an apparent trend in a series, external shocks affecting broad areas of the economy and unanticipated policy changes implemented on an immediate basis can affect a forecast significantly. If anything is certain for 1985, it is that the economy will follow the forecast in some respects, and be quite different in others.

**Figure 8**  
**Real GNP:**  
**Alternative Forecasts**



**SELECTED ECONOMIC DATA, 1984 TO 1986**  
(Dollar amounts in billions)

	1984	1985	Percent	1986	Percent
	(Estimated)	Amount	Change	Amount	Change
<b>STANDARD FORECAST</b>					
<b>UNITED STATES</b>					
Real gross national product (1972 \$) .....	\$1,641.3	\$1,690.1	3.0	\$1,745.7	3.3
Personal consumption expenditures .....	1,063.7	1,105.2	3.9	1,142.2	3.3
Gross private domestic investment .....	290.8	295.4	1.6	303.5	2.7
Net exports .....	- 15.9	- 25.0	-	- 25.2	-
Government purchases of goods and services ....	302.7	314.5	3.9	325.2	3.4
GNP deflator (1972 = 100) .....	223.5	232.4	4.0	242.5	4.3
GNP (current \$) .....	\$3,669.3	\$3,928.5	7.1	\$4,233.4	7.8
Personal income .....	\$3,015.7	\$3,243.2	7.5	\$3,483.9	7.4
Corporate profits before taxes .....	\$234.8	\$239.5	2.0	\$275.7	15.1
Wage and salary employment (thous.) .....	94,121	96,600	2.6	98,512	2.0
Unemployment rate (%) .....	7.5	7.2	-	6.6	-
Housing starts (thous.) .....	1,810	1,695	-6.3	1,800	6.2
New car sales (mill.) .....	10.4	10.2	-2.4	10.2	.7
Consumer price index (1967 = 100) .....	311.4	325.1	4.4	341.0	4.9
<b>CALIFORNIA</b>					
Civilian labor force (thous.) .....	12,584	12,907	2.6	13,119	1.6
Civilian employment .....	11,605	12,013	3.5	12,280	2.2
Unemployment .....	979	894	-8.6	840	-6.1
Unemployment rate (%) .....	7.8	6.9	-	6.4	-
Wage and salary employment (thous.) .....	10,622	11,016	3.7	11,330	2.9
Personal income .....	\$374.0	\$406.1	8.6	\$438.0	7.9
Housing units authorized (thous.) .....	218	185	-15.1	195	5.4
Corporate profits before taxes .....	\$31.7	\$34.8	9.9	\$40.8	17.2
New auto registrations (thous.) .....	1,180	1,155	-2.1	1,165	.9
Total taxable sales .....	\$194.8	\$211.3	8.4	\$227.9	7.9
<b>LOW ALTERNATIVE</b>					
<b>UNITED STATES</b>					
Real GNP .....	\$1,640.6	\$1,638.4	-.1	\$1,630.9	-.5
Personal income .....	3,015.3	3,180.9	5.5	3,267.8	2.7
Corporate profits .....	233.7	183.8	-21.3	254.3	38.3
Wage and salary employment (thous.) .....	94,106	94,986	.9	93,485	-1.6
Unemployment rate (%) .....	7.5	8.3	-	9.6	-
New car sales (mill.) .....	10.4	9.7	-6.9	9.5	-1.7
Housing starts (thous.) .....	1,800	1,415	-21.4	1,438	1.6
<b>CALIFORNIA</b>					
Nonagricultural employment (thous.) .....	10,619	10,796	1.7	10,628	-1.6
Unemployment rate (%) .....	7.8	8.1	-	9.9	-
Total personal income .....	\$373.9	\$396.7	6.1	\$409.4	3.2
Housing units (thous.) .....	217	153	-29.8	169	10.7
<b>HIGH ALTERNATIVE</b>					
<b>UNITED STATES</b>					
Real GNP .....	\$1,641.9	\$1,708.8	4.1	\$1,783.9	4.4
Personal income .....	3,016.1	3,270.5	8.4	3,577.4	9.4
Corporate profits .....	235.2	247.6	5.2	281.8	13.8
Wage and salary employment (thous.) .....	94,135	97,327	3.4	100,177	2.9
Unemployment rate (%) .....	7.5	6.7	-	5.5	-
New car sales (mill.) .....	10.4	10.8	3.4	11.2	4.5
Housing starts (thous.) .....	1,810	1,872	3.5	2,030	8.4
<b>CALIFORNIA</b>					
Nonagricultural employment (thous.) .....	10,625	11,121	4.7	11,610	4.4
Unemployment rate (%) .....	7.8	6.4	-	5.6	-
Total personal income .....	\$373.9	\$409.8	9.6	\$450.2	9.8
Housing units (thous.) .....	219	215	-1.6	226	5.2

NOTE: Percentage changes calculated from unrounded data.

# Revenue Estimates

The State's revenue estimates reflect the moderate economic growth projected for 1985-86. Slower employment, income and sales gains directly impact the major revenues, resulting in slower revenue growth. On the bright side, the economic and revenue estimates indicate that California taxpayers will devote proportionately less of their personal income to State taxes for the second year in a row. (See the Summary of State Tax Collections following this section.)

While this fact is good news for taxpayers, it reinforces the concerns, expressed in last year's Governor's Budget, about the ability of the tax base to support the continued expansion of governmental programs and services.

This year's budget provides for reasonable growth in population, price and caseload. At the same time, the budget incorporates the Administration's policies of economy and efficiency by including the results of an intensive review of positions and costs. As a result, the annual expenditures proposed in this budget are, once again, less than revenues.

Overall, General Fund revenues and transfers, which represent approximately 85 percent of the budget, will amount to \$27,922 million in 1985-86, an increase of 7.1 percent from the revised 1984-85 estimate of \$26,077 million.

## Revenue (In millions)

Source	1983-84	1984-85	1985-86
General Fund .....	\$23,809	\$26,077	\$27,922
% change .....	12.1	9.5	7.1
Special Funds .....	3,816	4,926	4,999
% change .....	24.8	29.1	1.5
TOTAL .....	\$27,625	\$31,003	\$32,921
% change .....	13.7	12.2	6.2

## General Fund Revenue

**Personal Income Tax—\$11,165,000,000.** The personal income tax is imposed on net California taxable income (gross income less exclusions and deductions) with tax rates ranging from 1 to 11 percent. Personal, dependent and other credits are allowed against the gross tax liability. In addition, a tax on preference income is levied at one-half the regular rates. Preference income includes such items as a portion of accelerated depreciation and the excluded amount of capital gains income.

The personal income tax is adjusted annually for inflation so that taxpayers will not be pushed into higher tax brackets when their real income has not increased. This adjustment for inflation is known as indexing. Since its adoption in 1978, indexing has provided substantial reductions in income tax revenue.

## AMOUNT AND PERCENT OF REVENUE REDUCTION RESULTING FROM INDEXING

Fiscal Year	Amount of Income Tax Reduction (in millions)	Percent of Total Revenue Before Indexing
1978-79 .....	\$220	4%
1979-80 .....	630	9%
1980-81 .....	1,700	20%
1981-82 .....	2,340	24%
1982-83 .....	3,040	28%
1983-84 .....	3,030	25%
1984-85 .....	3,910	28%
1985-86 .....	4,820	30%
Total .....	\$19,690	

As illustrated above, the tax relief provided from indexing through the budget year will amount to more than \$19 billion.

While the inflation adjustment typically increases the standard deduction, personal and dependent tax credits and the tax brackets, thus reducing the tax due; the adjustment can be negative. This occurred for the first time in 1983 when the Consumer Price Index for June recorded *deflation* of 1.2 percent from the previous year. This decline in the price level caused the inflation adjustments to lower the credits and brackets and accounts for the reduction in the amount of income tax attributable to indexing. The estimated increase in the inflation adjustment is 5 percent for the budget year.

The budget year forecast includes \$122 million for the proposed treatment of the solar and energy conservation credits described in the Tax Expenditures section.

Chapter 1490 (AB 3230) established both an amnesty and a stepped-up tax enforcement program for the personal income and sales taxes. In order to give taxpayers an opportunity to come forward and pay their liabilities before higher penalties and stricter enforcement procedures take effect, the bill authorized a one-time tax amnesty



program. From December 10, 1984, through March 15, 1985, taxpayers may pay delinquent taxes and interest without having to pay any penalties. This amnesty and improved enforcement program is expected to increase personal income tax revenues by \$59 million during the current and budget years.

**Sales Tax—\$10,618,000,000.** The sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, several major exemptions are incorporated which reduce regressivity. These include food for home consumption, prescription drugs, gas, electricity and water. Other exemptions provide relief for a variety of sales ranging from candy to aircraft.

Of the 6 percent rate currently imposed:

- 4¾ percent represents the State tax rate;
- 1 percent is for cities and counties; and
- ¼ percent is for county transit systems.

An additional ½ percent rate is levied by various transit districts to fund local public transportation systems.

The sales and use tax forecast is prepared by relating taxable sales by type of sale to various economic factors such as disposable personal income, housing starts, employment and inflation.

The economic recovery, which was evidenced in taxable sales growth beginning the second quarter of 1983, continued at a strong pace through the first half of 1984 and began to ease to a more moderate rate of growth during the third quarter. The sectors showing the most strength during the recovery—autos and building—were those hardest hit by the recession. Overall, all sectors of taxable sales fared well. Slower growth is expected in 1985 and 1986 as backlogged demand is met and consumers pull back as the economy slows.

A transfer is made from the Retail Sales Tax Fund to the Transportation Planning and Development (TP&D) Account based on a formula which compares the sales tax revenue received from taxing all items, including gasoline, at a 4¾ percent rate with the revenue that would have been received had the rate been 5 percent and gasoline sales were exempt. The maximum amount that can be transferred is limited by statute.

For the past four years, the maximum amount has been transferred to the TP&D Account. However, because the growth of gasoline sales has slowed relative to other items, future transfers are

expected to be substantially below the limit. The 1984–85 and 1985–86 transfers are estimated to be \$125 million and \$108 million, respectively.

As mentioned above in the discussion of personal income tax, Chapter 1490 (AB 3230) established both an amnesty and a stepped-up tax enforcement program for the personal income and sales taxes. This program is expected to increase sales tax collections by \$10 million in 1984–85.

Taxable Sales and Sales and Income Growth charts are shown on the following page.

General Fund and TP&D revenue estimates are shown below.

	Revenue (In millions)		
	1983-84 Actual	1984-85 Estimated	1985-86 Estimated
General Fund .....	\$8,639	\$9,705	\$10,510
TP&D.....	159	125	108
Total .....	\$8,798	\$9,830	\$10,618

**Bank and Corporation Tax—\$3,950,000,000.**

Bank and corporation tax revenues are actually derived from 4 taxes:

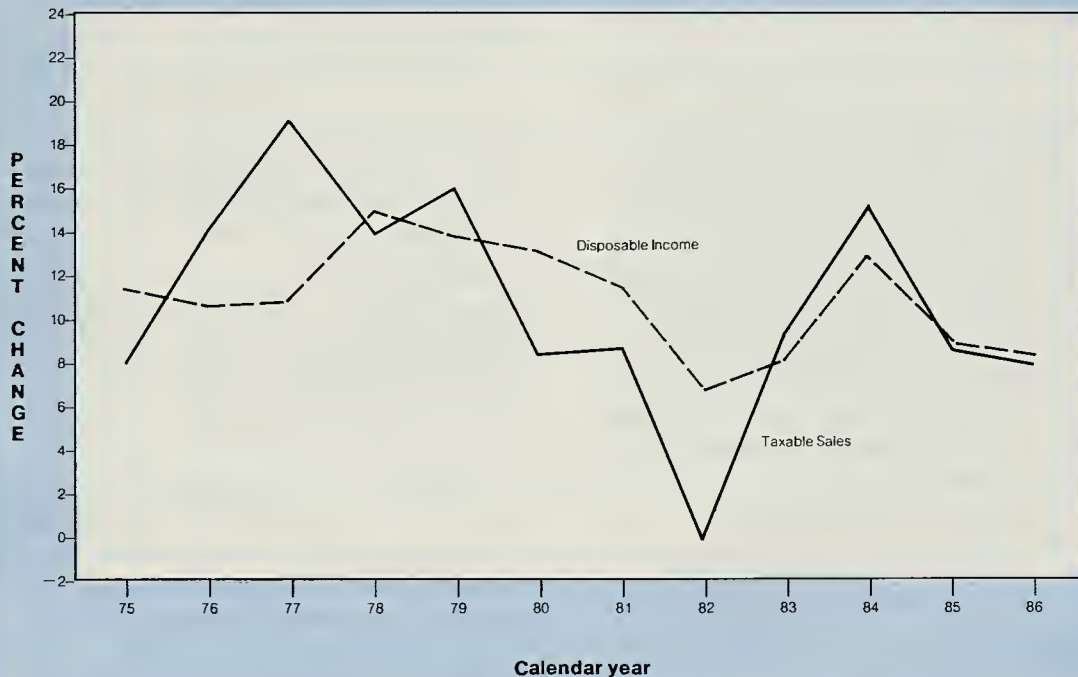
- The franchise tax and the corporation income tax are levied at the same 9.6 percent rate of taxable profits. The former is imposed on corporations for the privilege of doing business in California while the latter is imposed on corporations which do not do business in the State, but which derive income from California sources. These are primarily firms engaged wholly in interstate commerce and holding companies.
- Banks and other financial corporations pay an additional tax (i.e., "Bank Tax") on their net income. This tax is in lieu of all State and local taxes except those on real property, motor vehicles and business licenses. The current bank tax rate is estimated at 1.3 percent.
- The preference tax is imposed at 2.5 percent of the income in excess of \$30,000 attributable to the following items: excess depreciation on real property, excess bad debt deduction, and excess of percentage depletion over cost.
- A minimum franchise tax is imposed, which in most instances is \$200.

Since the tax is a function of corporate profits, the relationship of California profits to the national corporate profits forecast is important. As shown in the following table, the relationship is not

### TAXABLE SALES IN CALIFORNIA (In millions)

	1983 <i>Actual</i>	1984 <i>Estimated</i>	1985 <i>Estimated</i>	1986 <i>Estimated</i>
Motor vehicle dealers, auto repairs and parts, etc.....	\$27,120	\$32,250	\$35,150	\$38,170
Percent change .....	18.3	18.9	9.0	8.6
Producers and refiners of petroleum, service stations, etc. ....	\$16,022	\$16,600	\$17,060	\$17,400
Percent change .....	-3.5	3.6	2.8	2.0
Building materials including contractors .....	\$14,925	\$18,500	\$20,400	\$22,520
Percent change .....	19.2	24.0	10.3	10.4
Manufacturing and services.....	\$30,531	\$36,180	\$39,700	\$43,270
Percent change .....	6.1	18.5	9.7	9.0
All other retail stores.....	\$80,814	\$91,310	\$98,990	\$106,570
Percent change .....	9.6	13.0	8.4	7.7
Total Taxable Sales.....	\$169,412	\$194,840	\$211,300	\$227,930
Percent Change .....	9.6	15.0	8.4	7.9
Total Taxable Sales, Less Gasoline .....	\$157,211	\$182,266	\$198,330	\$214,702
Percent change .....	10.8	15.9	8.8	8.3

**Figure 9**  
**Comparison of Changes in**  
**Sales and Income Growth**



precise because business activity in California may trend somewhat differently than for the Nation. Also, State tax law defines profits differently (e.g., the treatment of certain depreciation).

In addition, the 1984 forecast of California taxable profits is influenced by actual prepayment revenues and these indicate that California is currently experiencing stronger growth than the Nation.

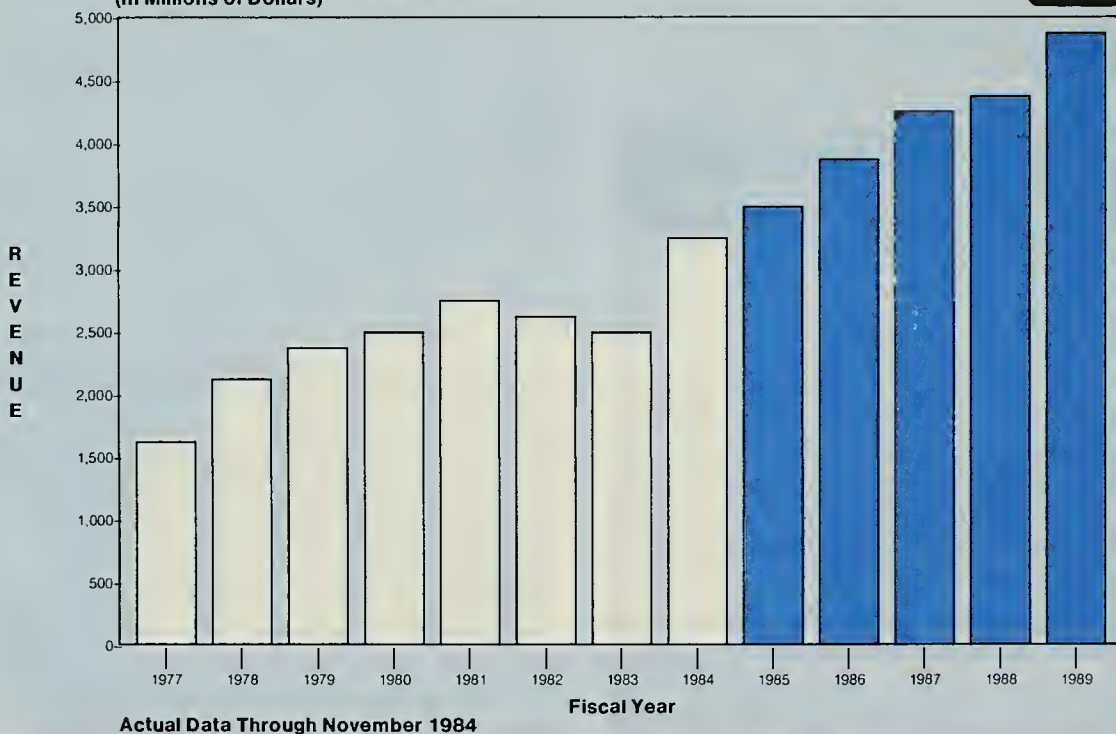
#### Estimated Growth in National Corporate Profits and California Taxable Corporate Profits

	Annual Percentage Change		
	1984	1985	1986
National Corporate Profits .....	15.5	2.0	15.1
California Taxable Profits .....	18.1	9.9	17.2

The budget year forecast includes \$15 million for the proposed treatment of the solar and energy conservation credits described in the Tax Expenditures section.

Six bills which became law last year affected bank and corporation tax revenues. Two bills, Chapters 44 and 45, provided for the creation of enterprise zones. The remaining bills, Chapters 38, 1565, 1692 and 1708, dealt with the tax treatment of Federal payments-in-kind (PIK) payments, penalties for abusive tax shelters, the purchase of mobile home parks and donations of agricultural products. The revenue loss resulting from this legislation is less than \$5 million for the current and budget years.

**Figure 10**  
Bank and Corporation Tax  
Actual and Forecast Fiscal Year Revenue  
(In Millions of Dollars)





**Insurance Tax—\$675,000,000.** Most insurance written is subject to a 2.33 percent gross premiums tax. The premiums tax is in lieu of all other State and local taxes except those on real property and motor vehicles. Exceptions to the 2.33 percent rate are certain pension and profit sharing plans which are taxed at 0.50 percent, surplus lines at 3 percent and ocean marine insurers at 5 percent of underwriting profits.

A survey conducted by the Department of Finance was used to project insurance premium growth. Responses were obtained from 150 insurance companies that account for 55 percent of the insurance written in California. The results indicate that taxable premiums will total \$25.3 billion in 1984 and \$27.2 billion in 1985.

**Cigarette Tax—\$257,000,000.** A tax of 10 cents per package of cigarettes is imposed on distributors selling cigarettes in this State. Thirty percent of the revenue is allocated to local governments with the remaining 70 percent going to the General Fund. Cigars and other tobacco products are not subject to a tobacco tax.

Projections of total and per capita consumption of cigarettes provide the basis for the cigarette tax estimate. Consumption has been on the decline in

recent years and this decline is expected to continue through the budget period. Per capita consumption in 1984–85 is expected to decrease 2.6 percent from 1983–84 and drop another 3 percent in 1985–86.

Taxable distribution of cigarettes in 1983–84 amounted to 2.65 billion packs; 2.63 billion packs are projected for 1984–85 and 2.59 billion packs for 1985–86. Cigarette tax revenue estimates are shown in the table below and per capita consumption of cigarettes is illustrated in figure 11.

	Revenue (In thousands)		
	1983-84 Actual	1984-85 Estimate	1985-86 Estimate
General Fund.....	\$184,787	\$182,500	\$180,000
Cigarette Tax Fund.....	78,444	78,200	77,000
Total.....	\$263,231	\$260,700	\$257,000

#### **Inheritance/Estate/Gift Taxes—\$193,000,000.**

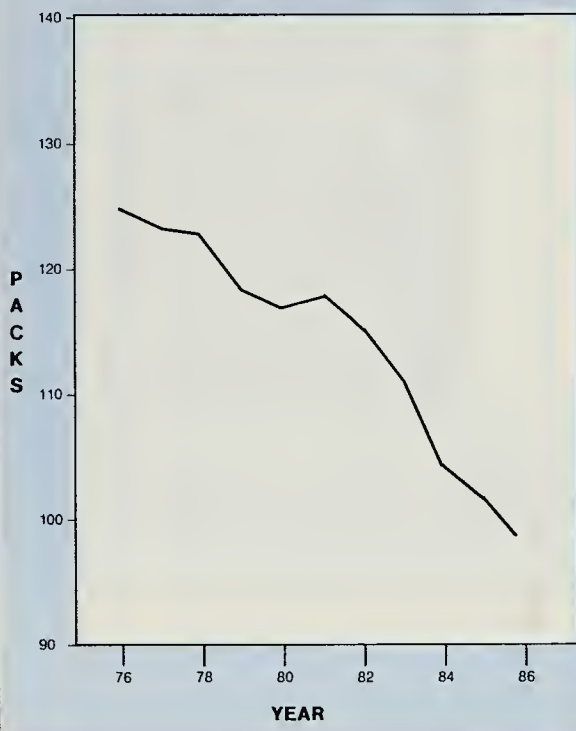
Proposition 6, adopted by the voters on June 8, 1982, repealed the inheritance and gift taxes and imposed an estate tax designed to pick up for the State the maximum credit allowed against the Federal estate tax, otherwise known as the "pick-up tax." This tax does not increase the liability of the estate due to the fact that it would otherwise be paid to the Federal government. The date of death of the decedent or the date a gift is made determines which tax laws prevail. For State tax purposes, the former inheritance and gift taxes apply to deaths and gifts occurring prior to June 8, 1982, whereas transfers attributable to deaths on or after that date would only be subject to the Federal credit. The "pick-up tax" is computed on the basis of the Federal "taxable estate." Tax rates range from 0.8 percent to 16 percent.

Unusually large inheritance and estate tax payments were made in the current year, including an inheritance tax payment of \$44 million made by the Hughes' estate and 2 estate tax payments totaling \$24 million. Such payments are not expected to be made in subsequent years.

The inheritance, estate and gift revenue forecast has 3 parts: estate tax, inheritance tax and gift tax. Estimates of these 3 components, as well as actual revenue collections, are shown below.

	Revenue (In thousands)		
	1983-84 Actual	1984-85 Estimate	1985-86 Estimate
Inheritance tax.....	\$105,699	\$98,000	\$33,000
Estate tax .....	127,874	175,000	159,000
Gift tax .....	2,879	2,000	1,000
Total.....	\$236,452	\$275,000	\$193,000

**Figure 11  
Cigarette  
Per Capita Consumption**



**Horse Racing Revenue—\$142,235,000.** Horse racing revenue results primarily from license fees imposed on amounts wagered. The license fee revenue schedule is based upon many factors, including type of horse racing, the total amount wagered, the location of the track and the type of wager. Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed parimutuel tickets, occupational license fees, fines and penalties.

A special license fee was assessed during the past year. Any association conducting a racing meeting between August 1, 1983 and July 1, 1984 paid an additional license fee equal to 1 percent of total exotic wagers. (Exotic wagers include exactas, daily doubles, pick six and other special bets.) This special license fee generated \$8 million in 1983–84. This additional license fee was continued in the 1984–85 fiscal year only on harness racing and the revenues are deposited in the Standardbred Sires Stake Account.

The following table provides information on total parimutuel pools and receipts from horse racing during the budget period:

	Revenue (In thousands)		
	1983–84 Actual	1984–85 Estimated	1985–86 Estimated
Total parimutuel pools .....	\$2,213,972	\$2,205,000	\$2,222,000
Receipts:			
Parimutuel license fees ..	133,415	129,328	130,612
Breakage .....	7,959	8,100	8,500
Other revenue .....	2,845	2,998	3,123
Total.....	\$144,219	\$140,426	\$142,235

**Alcoholic Beverage Taxes—\$139,800,000.** Taxes on alcoholic beverages are levied on the distribution of distilled spirits, beer and wine in this State. Tax rates vary with the type of alcoholic beverage:

Beer .....	\$0.04 per gallon
Dry wine .....	\$0.01 per gallon
Sweet wine .....	\$0.02 per gallon
Sparkling wine .....	\$0.30 per gallon
Distilled spirits .....	\$2.00 per gallon

Alcoholic beverage tax estimates are based on projections of total and per capita consumption for each type of beverage.

Over the last 5 years, consumption of dry wine and sparkling wine has generally increased. Sweet wine, which had been declining, is now increasing. Beer consumption dropped in 1983 but is now rising. Distilled spirits continued the decline that began in 1981, but are expected to level off in 1985–86.

## Per Capita Consumption (in gallons)

	1983–84 Actual	1984–85 Estimated	1985–86 Estimated
Beer .....	24.57	25.36	25.76
Dry wine .....	3.87	4.13	4.20
Sweet wine .....	.32	.34	.35
Sparkling wine .....	.42	.44	.46
Distilled spirits .....	2.11	2.06	2.06

Estimated revenues for the current and budget years, compared with the actual revenue for 1983–84 are:

	Revenue (In thousands)		
	1983–84 Actual	1984–85 Estimated	1985–86 Estimated
Beer and wine .....	\$29,450	\$30,600	\$31,800
Distilled spirits .....	107,983	106,100	108,000
Total .....	\$137,433	\$136,700	\$139,800

## Alternative Estimates

Revenue receipts are closely tied to economic activity. General Fund revenue in 1985–86 could be almost \$2 billion below the budget estimates if the economic growth underlying the revenue estimates does not materialize. However, a more robust economy than forecast could lead to revenues of approximately \$1.2 billion above the estimates.

The following table compares the 1984–85 and 1985–86 General Fund revenue estimates with high and low alternative estimates.

	(In millions)		
	High Alternative	Budget Estimate	Low Alternative
1984–85 .....	\$26,500	\$26,077	\$25,570
1985–86 .....	\$29,100	\$27,922	\$26,000

## Special Fund Revenue

The California Constitution, codes and statutes specify the uses of certain revenue. Such receipts are accounted for in various special funds. In general, Special Fund revenues comprise three categories of income:

- Receipts from tax levies which are allocated to specified functions, such as motor vehicle taxes and fees.
- Charges for special services to specific functions, including such items as business and professional license fees.
- Rental royalties and other receipts earmarked for particular purposes, for example oil and gas royalties.

Motor vehicle related taxes and fees account for 69 percent of all Special Fund revenue. Principal



sources of this income are motor vehicle fuel taxes, registration and weight fees, and vehicle license fees. During the 1985–86 fiscal year, \$3.4 billion will be derived from the ownership or operation of motor vehicles. Approximately \$1.8 billion of this revenue will be returned to local governments. The remainder will be available for various State programs related to transportation and services to vehicle owners.

Thirty percent of the cigarette tax revenue is deposited in a special fund for distribution to cities and counties. In 1985–86 receipts for this fund are estimated at \$77 million.

**Motor Vehicle Fees—\$2,279,000,000.** Motor vehicle fees consist of vehicle license, registration, weight, and drivers' license fees and various other charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. It is calculated on the vehicle's "market value." This consists of the cost to the purchaser exclusive of sales tax, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a 10-year depreciation period; an 18-year depreciation period is used for trailer coaches. A 2 percent rate is applied to the depreciated value to determine the fee. Revenue from this source is contingent on the number of vehicles in the State, the ages of those vehicles and their original prices.

Registration fees are levied at a flat rate on all motor vehicles, trailers, semi-trailers and certain types of dollies. Trucks and trailers are also subject to weight fees.

New vehicle sales (autos, trucks, trailers and motorcycles) in California totaled 1,435,596 in 1983 and are estimated to be 1,667,000 units in 1984. In 1985 and 1986 sales are expected to decline slightly to 1,630,000 and 1,640,000 units, respectively.

Allowing for scrappage and for vehicles entering and leaving the State, total fee-paid registrations at year-end are estimated at 19,909,000 for 1984, 20,495,500 for 1985 and 21,040,500 for 1986.

Chapter 541 of 1981 (SB 215), which implemented substantial fee increases related to vehicle operation beginning in 1982, contains a provision to increase weight fees by 7 percent in January 1985. Chapter 933 of 1981 (AB 202), which increased registration fees by \$1 per vehicle for the California Highway Patrol, will expire at the end of 1985. Chapter 323 of 1983 (AB 223) replaced the manufacturer's suggested base price with the cost price for determining "market value" of new motor vehicles. This measure also based the vehicle license fee on a ten-year rather than a nine-year depreciation schedule. The combined effect of these law changes

increased revenue by an estimated \$160 million in 1983–84, and is expected to increase revenue by \$236 million in the current year and \$260 million in the budget year.

Total revenues from motor vehicle fees, including the effects of legislative changes, are illustrated in the table below:

	Revenue (In thousands)		
	1983–84 Actual	1984–85 Estimated	1985–86 Estimated
Vehicle License			
Fees .....	\$1,046,898	\$1,219,500	\$1,349,000
Registration,			
Weight, & Other			
Fees .....	859,954	905,000	930,000
Total .....	\$1,906,852	\$2,124,500	\$2,279,000

**Motor Vehicle Fuel Taxes—\$1,149,000,000.** The motor vehicle fuel license tax (gasoline) and the use fuel tax (diesel) provide the major sources of funds for maintaining, replacing and constructing State highway and transportation facilities.

The gas tax is imposed on the distribution of gasoline and other flammable liquids. Distributions of diesel fuel, liquid petroleum gas (LPG), alcohol fuel and kerosene are not included under this tax. The current tax rate for motor vehicle fuel is 9 cents per gallon. Aircraft jet fuel is taxed at 2 cents per gallon.

The use fuel tax is imposed on diesel fuel, LPG, natural gas and alcohol fuel for use on State highways. The current tax rates are 9 cents per gallon of motor vehicle fuel, 7 cents per 100 cubic feet of compressed natural gas, 6 cents per gallon of LPG or liquid natural gas and 4.5 cents per gallon of alcohol fuel. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

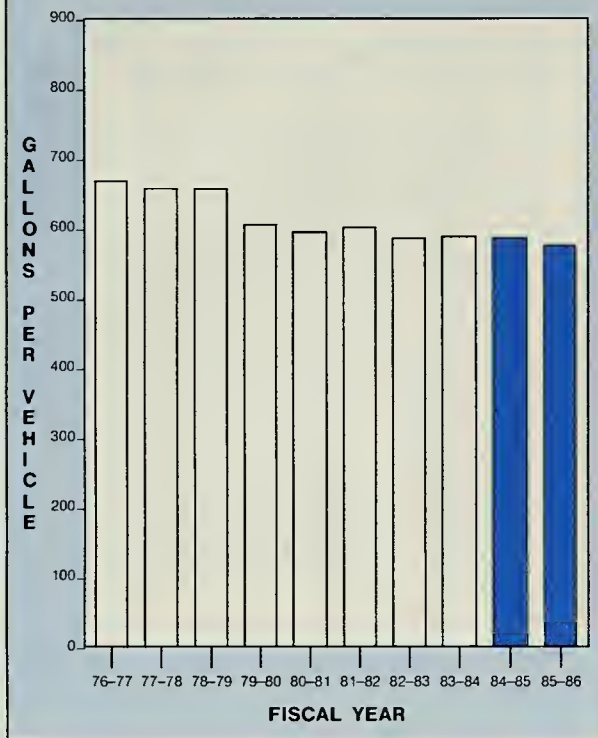
Gasoline tax revenues are estimated on the basis of average gasoline consumption per vehicle and total vehicle registrations. Consumption per vehicle in 1983–84 amounted to 575 gallons and is projected at 565 gallons for 1984–85 and 550 gallons for 1985–86 as shown on Figure 12.

Highway consumption of diesel fuel is estimated by projecting the trend of past distributions with adjustments to reflect changes in the economy. Consumption of diesel fuel in 1984–85 is expected to be the same as in 1983–84 and to rise by 4.1 percent in 1985–86.

Chapter 323 of 1983 (AB 223) accelerated the payment of fuel tax revenues and resulted in a one-time revenue increase in 1983–84 of about \$86



**Figure 12**  
**Gasoline Consumption**  
**Per Motor Vehicle**



## Property Tax Growth

The Constitution limits the property tax rate to 1 percent of assessed value plus an amount for debt approved by the voters prior to June, 1978. An inflation factor, not to exceed 2 percent, may be applied to the assessed value of property that has not been newly constructed or changed ownership.

Proceeds from the 1 percent rate are allocated to local jurisdictions. Assuming the continuation of current law, the estimated distribution of property taxes on a statewide basis for 1985-86 is:

Counties .....	36%
K-12 School Districts .....	30%
Cities .....	11%
Special Districts (includes Redevelopment) .....	18%
Community Colleges .....	5%

Property tax growth is estimated by using a biannual survey (November and April) from county assessors. The survey contains estimates of each county's assessed value (AV) growth for the next fiscal year, including a 2 percent inflation factor. The estimates provided by the assessors indicate a statewide 1985-86 AV growth of 9.3 percent. A one-percent adjustment is made to this estimate based on a comparison of estimated-to-actual assessed value growth for the last 4 years. The estimated AV growth for 1985-86 is projected to be 10.3 percent.

million. Motor Vehicle Fuel Tax revenue is illustrated in the table below.

	<i>Revenue</i> <i>(In thousands)</i>		
	<i>1983-84</i> <i>Actual</i>	<i>1984-85</i> <i>Estimated</i>	<i>1985-86</i> <i>Estimated</i>
Gasoline .....	\$1,087,505	\$1,020,000	\$1,020,000
Diesel.....	125,695	125,000	129,000
Totals .....	\$1,213,200	\$1,145,000	\$1,149,000

## Long Range Estimates

Consistent with last year's supplemental report on the budget, revenue estimates for two years beyond the budget year are shown below. These estimates are based on an extension of the standard economic forecast with a mild recession occurring in 1987.

	<i>(In millions)</i>		
	<i>General Fund</i>	<i>Special Funds</i>	<i>Total</i>
1986-87 .....	\$29,900	\$5,200	\$35,100
1987-88 .....	30,560	5,400	35,960

Redevelopment agencies, which receive approximately 5 percent of all property tax revenues, are funded through tax increment. Revenue generated above the base value in the redevelopment project area goes to the redevelopment agency. Since these funds are diverted from other jurisdictions, it is necessary to adjust the AV growth estimate to reflect this loss. Taking this adjustment into account, the net estimated growth of property tax for 1985-86 is 9.6 percent. Using this formula, K-12 districts receive an estimated \$2.7 billion in local property tax. Every 1 percent increase in property tax revenue results in General Fund savings for K-12 apportionments of about \$27 million.

State tax charts are shown on the following pages.

**Summary of State Tax Collections**  
(Excludes Departmental, Interest and Miscellaneous Revenue)

	<i>Per Capita Personal Income</i> *	<i>State Tax Collections (millions)</i>		<i>Taxes per Capita</i>		<i>Taxes per \$100 of Personal Income</i>	
		<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>
1967-68 .....	\$3,689	\$3,558	\$4,676	\$185.53	\$243.85	\$5.03	\$6.61
1968-69 .....	3,987	3,963	5,173	203.92	266.19	5.12	6.69
1969-70 .....	4,282	4,126	5,409	208.94	273.94	4.89	6.41
1970-71 .....	4,510	4,290	5,599	214.10	279.39	4.75	6.20
1971-72 .....	4,701	5,213	6,599	256.20	324.32	5.45	6.90
1972-73 .....	5,062	5,758	7,229	279.73	351.19	5.53	6.94
1973-74 .....	5,496	6,379	7,877	305.71	377.47	5.56	6.87
1974-75 .....	6,052	8,045	9,574	379.96	452.20	6.28	7.47
1975-76 .....	6,549	9,069	10,710	421.08	497.29	6.43	7.59
1976-77 .....	7,155	10,781	12,525	413.44	571.00	6.87	7.98
1977-78 .....	7,863	12,952	14,826	579.49	663.37	7.37	8.44
1978-79 .....	8,857	14,188	16,201	621.20	709.37	7.01	8.01
1979-80 .....	9,952	16,860	19,057	725.01	819.50	7.29	8.23
1980-81 .....	11,021	17,808	20,000	749.15	841.36	6.80	7.63
1981-82 .....	12,105	19,109	21,556	789.25	890.31	6.52	7.35
1982-83 .....	12,617	19,579	22,375	794.99	908.52	6.28	7.18
1983-84 .....	13,257	22,309	25,685	886.19	1,020.30	6.68	7.69
1984-85 .....	14,592	25,064	28,557	977.88	1,114.16	6.70	7.64
1985-86 .....	15,566	26,935	30,568	1,032.46	1,171.72	6.63	7.53

\* Calendar year. Personal income for 1967 related to 1967-68 fiscal year.

**Comparative Yield of State Taxes, 1967-68 through 1985-86**  
(in thousands)

<i>Year Ending June 30</i>	<i>Sales and Use</i>	<i>Personal Income</i>	<i>Bank and Corporation</i> <sup>1</sup>	<i>Cig- arette</i>	<i>Estate Inheritance and Gift</i> <sup>2</sup>	<i>Insur- ance</i>	<i>Distilled Spirits</i>	<i>Horse Racing</i>	<i>Beer and Wine</i>	<i>Motor Vehicle Fuel</i> <sup>3</sup>	<i>Motor Vehicle Fees</i> <sup>4</sup>
1968 .....	\$1,464,927	\$952,487	\$576,874	\$219,272	\$135,554	\$121,155	\$81,700	\$54,799	\$13,196	\$580,487	\$437,918
1969 .....	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	14,118	625,667	469,655
1970 .....	1,753,611	1,152,053	587,013	236,878	164,299	136,733	89,793	58,244	16,115	668,537	498,992
1971 .....	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	15,791	674,635	513,201
1972 .....	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	17,374	712,426	547,844
1973 .....	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	17,977	746,196	596,922
1974 .....	2,675,738	1,831,964	1,057,191	258,921	231,934	201,697	100,554	78,289	18,758	742,702	644,448
1975 .....	3,376,153	2,581,584	1,253,673	261,975	242,627	202,991	100,856	86,637	19,893	752,234	664,453
1976 .....	3,742,524	3,089,963	1,286,515	268,610	316,648	241,224	104,697	96,117	20,616	766,555	749,936
1977 .....	4,313,909	3,761,356	1,641,500	269,384	367,964	322,476	105,275	102,702	22,210	810,321	807,782
1978 .....	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	22,972	850,181	924,411
1979 .....	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	113,253	25,137	896,591	1,021,857
1980 .....	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	112,757	127,635	26,183	852,751	1,096,640
1981 .....	7,131,429	6,628,694	2,730,624	278,161	530,180	460,926	115,191	129,779	27,669	839,995	1,127,293
1982 .....	7,689,023	7,493,005	2,648,735	276,824	495,251	484,196	111,151	123,626	28,372	833,347	1,372,556
1983 .....	7,795,488	7,712,691	2,536,011	271,621	517,875	736,929	108,519	123,398	27,690	928,633	1,624,736
1984 .....	8,797,865	9,297,451	3,231,281	263,231	236,452	457,489	107,983	144,219	29,450	1,213,200	1,906,852
1985 † .....	9,830,000	10,485,000	3,525,000	260,700	275,000	635,000	106,100	140,426	30,600	1,145,000	2,124,500
1986 † .....	10,618,000	11,165,000	3,950,000	257,000	193,000	675,000	108,000	142,235	31,800	1,149,000	2,279,000

<sup>1</sup> Includes the corporation income tax.

<sup>2</sup> Proposition 6 repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable Federal estate tax credit, effective for decedents dying on or after June 8, 1982.

<sup>3</sup> Motor vehicle fuel tax (gasoline), use fuel tax (diesel) and liquefied petroleum gas.

<sup>4</sup> Registration and weight fees, motor vehicle license fees and other fees.

† Estimated.

# **OUTLINE OF STATE TAX SYSTEM AS OF JANUARY 1, 1985**

<i>Major Taxes and Fees</i>	<i>Base or Measure</i>	<i>Rate</i>	<i>Administering Agency</i>	<i>Fund</i>
Alcoholic Beverage Excises:				
Beer.....	Gallon .....	\$0.04	Equalization (1) ..	General
Distilled spirits .....	Gallon .....	2.00	Equalization.....	General
Wine:				
Dry.....	Gallon .....	.01	Equalization.....	General
Sweet .....	Gallon .....	.02	Equalization.....	General
Sparkling .....	Gallon .....	.30	Equalization.....	General
Sparkling hard cider.....	Gallon .....	.02	Equalization.....	General
Bank and Corporation:				
General corporations .....	Net income.....	9.6% (2)	Franchise (3) .....	General
Banks and financial corporations....	Net income.....	12.0% Max.	Franchise.....	General
Cigarette .....	Package .....	\$0.10 (4)	Equalization.....	Cigarette Tax Fund (5)
Energy Resources Surcharge.....	Kilowatt hours .....	\$0.0002	Equalization.....	Energy Resources Surcharge Fund
Horse Racing License .....	Amt. wagered .....	1.0-12.78%	Horse Racing .....	Fair and Expo.
	Breakage .....	0-100%	Board .....	(6), Wildlife Restoration and General
Estate .....	Taxable Federal estate .....	0.8-16%	Controller.....	General
Insurance .....	Gross Premiums .....	2.33% (7)	Insurance Dept. ..	General
Liquor license fees .....	Type of license .....	Various	Alcoholic Bever- age Control .....	General
Motor Vehicle:				
Vehicle license fees .....	Market value .....	2%	Motor Vehicle Dept.....	Motor Vehicle License Fee (8)
Fuel—gasoline.....	Gallon .....	\$0.09	Equalization.....	Motor Vehicle Fuel (9)
Fuel—diesel .....	Gallon .....	.09	Equalization.....	Motor Vehicle Fuel
Registration fees .....	Vehicle .....	\$23.00	Motor Vehicle Dept.....	Motor Veh. (10)
Weight fees .....	Unladen weight .....	Various	Motor Vehicle Dept.....	State Highway (11)
Personal Income .....	Taxable income.....	1-11%	Franchise.....	General
Preference Income:				
Bank and corporation.....	Preference income over \$30,000 .....	2.5%	Franchise.....	General
Personal .....	Preference income over \$4,000 (single), \$8,000 (joint, head of household, or surviving spouse) .....	0.5-5.5%	Franchise.....	General
Private Railroad Car .....	Valuation.....	(12)	Equalization.....	General
Retail Sales and Use .....	Receipts from sales or lease of taxable items....	4.75%	Equalization.....	General and State Transportation Fund

(1) State Board of Equalization.

(2) Minimum Tax \$200 per year.

(3) Franchise Tax Board.

(4) This tax is levied at the rate of 5 mills per cigarette.

(5) 30 percent of the cigarette tax is remitted to local jurisdictions.

(6) For support of county fairs and other activities.

(7) Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans and surplus lines.

(8) For return to cities and counties.

(9) For administrative expenses and apportionment to State, counties and cities for highways, airports and small craft harbors.

(10) For support of State Department of Motor Vehicles, California Highway Patrol, other agencies and motor vehicle related programs.

(11) For state highways and State Department of Motor Vehicles administrative expense.

(12) Average property tax rate in the State during preceding year.



# Tax Expenditures

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The Department of Finance is required by Chapter 268, Statutes of 1984, to provide the Legislature with a report on tax expenditures every year. This report fulfills that requirement.

## Definition

A tax expenditure is defined as a revenue loss which occurs as a result of a special provision in the tax laws. Such revenue losses are similar to payments made by the government except that they are accomplished through the tax system rather than the annual legislative appropriation process.

The definition of a tax expenditure is critical since it will affect which tax provisions are identified as "expenditures" and the total amount of such "expenditures". In preparing this report, the Department of Finance has adhered to the traditional definition which states that tax expenditures are "deductions, credits, exclusions, exemptions, preferential tax rates and tax deferrals."

The preceding definition may, in effect, be reduced to the proposition that tax expenditures are any special provisions which deviate from the "basic tax structure" and which result in a revenue loss. Such a proposition leads to a rather broad-ranging identification of tax expenditures. For example, should the personal income tax exemption credit be thought of as a tax expenditure? Traditionally it has been identified as such even though it is applicable to all taxpayers and is accepted as a basic method of softening the impact of the tax.

**Differences among Jurisdictions.** Defining tax expenditures as deductions, credits, exclusions, etc., which deviate from the basic tax structure, makes the definition simply a function of what a jurisdiction wishes to include within its tax structure. Therefore, tax expenditures in one jurisdiction cannot necessarily be compared with those in other jurisdictions. For example, a state which applies the sales tax to retail services would consider any exempted service as a tax expenditure. In California, however, the exemption of all services does not constitute a tax expenditure since the sales tax, by law, is applicable only to sales of tangible personal property—not services. Thus, tax expenditures do not necessarily provide a proxy for what is or is not taxed, or for what is or is not given special treatment.

To further illustrate definition variations, property tax exemptions required by the Constitution are viewed as part of the basic law of the land rather than tax expenditures, while property tax exemptions adopted by the Legislature deviate from the basic structure and qualify as tax expenditures. The nature of the exemption is not relevant to classification as a tax expenditure.

For the reasons stated above, the Administration proposes the Legislature consider narrowing the definition of a tax expenditure in order to produce a report which addresses only those items of particular legislative concern. This issue is discussed under Recommendations.

## Review of Tax Expenditures

In general, tax expenditures are not reviewed unless they have received unfavorable publicity, Federal law affecting similar provisions has been changed, or the law enacting the tax expenditure has a "sunset" provision which repeals the measure on a given date. It is estimated that less than 15 percent of existing tax expenditures have "sunset" dates. This lack of periodic review may partially explain why relatively few tax expenditures are repealed (see Table 1) as compared to the number enacted (see Table 2).

To the extent evaluation is feasible, however, the Legislature should take into consideration the following questions:

- Is the tax expenditure still cost effective?
- Does it divert State resources into desirable program areas?
- How much should be spent on individual tax expenditure programs?
- Is the tax expenditure program working well enough to achieve the desired objective?
- Are the beneficiaries of the program the same as those intended when the law was originally enacted?

These are standard questions asked in any analysis of ordinary budget programs. It is appropriate that they also be asked of tax expenditure programs which are not part of the normal appropriation process and require only a simple majority for passage, in contrast to the two-thirds vote which is required for budget appropriations. This favorable treatment of tax expenditures is especially questionable because

there is often no control over the amount of foregone revenue which results from a tax expenditure.

## Identifiable Tax Expenditures

Tables 3 and 4 provide a listing of the revenue losses which result from the principal tax expenditures for which estimates are possible.

**Personal Income Tax.** The personal income tax accounts for the majority of all tax expenditures. For 1985–86, it is estimated that income tax provisions alone will account for more than \$9 billion of tax expenditures. It is evident that a significant reduction of these items, or eliminating many of the deductions currently permitted, could allow a reduction in tax rates or a widening of the tax brackets.

**Sales and Use Tax.** The sales and use tax law contains identifiable State tax expenditures of approximately \$3.3 billion for 1985–86. The largest individual item is the exemption of food for home consumption. It is not suggested that this tax exemption be changed since it would impact most greatly on those individuals who can least afford an increased tax burden. Some other exemptions, however, are subject to greater debate since they are not related to essential consumption.

**Local Revenue Losses.** Table 4 lists the local government revenue losses from many of the principal exemptions or preferential provisions of property tax law. While a few of the exemptions within Table 4 are not technically tax expenditures since they are required by the State Constitution, they are included to present a more accurate picture of the revenue losses resulting from special tax provisions.

Property taxes are, of course, local taxes and the legislative exemptions or preferential provisions do not constitute State tax expenditures. Nonetheless, they do impact State finances. This occurs because local tax expenditures reduce the property tax allocations to schools and the State is generally required under current school finance law to provide the difference in funding between local property tax allocations and school districts' revenue limits.

Consequently, each dollar of property tax revenue foregone by schools results in an additional dollar of state funding through the school apportionment process. Other State financial impacts may also occur apart from the school apportionment process. A number of property tax exemptions result in State subventions to other units of local

government, in order to make up some or all of their revenue losses. Examples include tax relief for homeowners, senior citizens, and blind and disabled veterans.

Local government revenue losses from sales tax expenditures for 1985–86 are estimated at \$876 million, while losses from identifiable property tax expenditures or exemptions are estimated at \$1,972 million.

## Undefinable Revenue Loss Areas

Revenue loss estimates are not possible in a number of particular sales and property tax areas. Some of the sales tax expenditures which cannot be priced are those for livestock, meals furnished by institutions and certain retailers which are defined in law as consumers rather than retailers and thus receive special treatment under the sales tax law. Scores of sales tax expenditures exist with relatively minor or unknown revenue impacts. The principal property tax exemptions which cannot be priced include those for most of the real and personal property of State and local agencies, non-profit cemeteries, agricultural crops, young fruit, nut trees and grapevines, free museums and libraries, and under certain conditions, works of art.

## Recommendations

As mentioned previously, *it is recommended that the Legislature reconsider the definition of a tax expenditure with a view toward formulating a more narrow and useful concept.* An approach that could be used is the tax subsidy concept. Tax subsidies are closer to programs funded via direct appropriations than are tax expenditures. If the tax expenditure definition were narrowed to include only tax subsidies, the report would focus only upon those special items which:

- Apply to a narrow class of transactions or taxpayers.
- Are a clear exception to a general provision in the tax law.
- Are intended to provide a special benefit to a specific, identifiable industry or economic group.

*It is recommended that any new tax expenditure have a three-year "sunset" provision to allow the Legislature to consider information on its cost impact as well as whether it is accomplishing its purpose and is still appropriate.* Programs or subsidies provided through the direct appropriation process are most often funded for a specific amount only. In contrast, tax expenditures have been mostly open-ended.

*It is recommended that the solar and energy tax credits be funded through direct appropriation at 50 percent of their estimated 1985-86 level.* Under this recommendation, \$137 million of tax expenditures would be replaced by \$68.5 million of direct appropriations. This recommendation is supported by the fact that the involved industries have had sufficient time to establish themselves, thus justifying a lower subsidy. Furthermore, the beneficiaries of the programs have, in the past, often been higher income individuals who were in a position to acquire solar or energy conservation improvements without government tax subsidies. The 50 percent reduction could be realized through either an across-the-board reduction in the credit, or through the development of variable

credit percentages in which the size of the credits would diminish with increases in income.

Under current State law, both the solar and energy credits are scheduled to "sunset" in 1986. It is reasonable to begin to phase-out these credits and to provide a clear signal that these subsidies will, in fact, not be extended. In addition, the U.S. Treasury has recommended to the President that the Federal credit for solar and energy not be extended. The current State credit is partially offset by the Federal credit. If the Federal action is accepted and nothing is done at the State level, State costs for this program would be increased.

Recommendations from previous tax expenditure reports are presented in Table 5.



**TABLE 1**  
**State Tax Expenditures Eliminated Since 1972**  
(In thousands)

<i>Year</i>	<i>Chapter</i>	<i>Description</i>	<i>1st Full Year Savings</i>
1972		None.....	
1973		None.....	
1974		None.....	
1975		Bank and corporation tax:	
	75	Limit oil and gas depletion.....	\$34,000
	575	Repeal bank exemption from vehicle license fees .....	165
		Cigarette tax:	
	1235	Repeal military exemption (Reenacted effective 6/7/76) .....	250
1976		Alcoholic beverage tax:	
	128	Repeal military beer exemption, effective 1/1/80 .....	350
1977		None.....	
1978		None.....	
1979		Sales and use tax:	
	1150	Repealed bank exemption from use tax .....	5,000
	1150	Repealed exemptions for gold and silver bullion, ice and cargo containers .....	700
1982		Personal income tax:	
	502	Restrict gas tax deduction .....	9,400
	1525	Phase out gas tax deduction (no net revenue gain until 1984-85)	20,000
1983		Personal income tax:	
	323	Medical deduction—Federal conformity.....	65,000
	498	Casualty deduction—Federal conformity .....	40,000
	323	Reduces energy and solar tax credits .....	37,000
	323	Repeals gas tax deduction.....	5,000
	488	Metal finishers pollution control credit .....	750
		Sales and use tax:	
	323	Repeals home video rental exemption.....	17,000
	323	Modifies vending machine exemption .....	16,000
1984		Personal income tax:	
	1563	Ridesharing .....	1,000
		Sales and use tax:	
		Gasohol exemption expired .....	12,000

**TABLE 2**  
**Major State Tax Expenditures Enacted Since 1972**  
(In thousands)

<i>Year Enacted</i>	<i>Chapter</i>	<i>Description</i>	<i>1st Full Year State Cost</i>
1972		Personal income tax:	
	1406	Expand renter credit .....	\$70,000
	988	Military income exclusion .....	2,000
	1359	Military pension exclusion .....	1,750
	1429	Surviving spouse conformity .....	600
	909	Personal credit .....	40
		Bank and corporation tax:	
	1065	Conformity .....	3,500
		Sales and use tax:	
	1002	Factory built housing .....	1,410
	19	Institutional meals .....	370
	877	Artificial limbs .....	100
		Property tax:	
	1	Expand homeowners' exemption to co-operative housing .....	2,500
1973		Sales and use tax:	
	1019	Exempt monetized bullion .....	1,800
		Personal income tax:	
	1438	Charitable contribution carryover .....	4,000
	994	Dependent care deduction .....	2,000
		Sales and use tax:	
	1406	Exempt trailers and semitrailers .....	270
	1010	Exempt camp trailers and house cars .....	110
1975		Sales and use tax:	
	1116	Exempt master tapes .....	2,500
1975		Personal income tax:	
	1060	Low income credit .....	33,000
	534	IRA .....	6,000
	168	Solar energy credit .....	1,500
		Bank and corporation tax:	
	168	Solar energy credit .....	1,000
		Horse racing tax:	
	1142	Preferential rate, small meets .....	600
	28	Reduced license fees, small meets .....	175
1977		Personal income tax:	
	1082	Expand solar energy credit .....	15,000
	1100	Water conservation credit .....	500
	816	Expand adoption deduction .....	50
1977		Bank and corporation tax:	
	1082	Expand solar energy credit .....	5,000
	1100	Water conservation credit .....	500
	1079	Charitable deduction, donated food .....	500
		Sales and use tax:	
	1245	Exemption for prosthetic and ambulatory devices .....	2,300
	1134	Reenact factory built housing treatment .....	270
		Horse racing tax:	
	764	Provide relief for small tracks .....	265
	11	Reduce license fees, certain tracks .....	110
1978		Personal income tax:	
	569	One-time tax credit .....	700,000
	569	Exclusion of gain from sale of home .....	25,000
	569	Elderly tax credit .....	8,000
	1159	Solar energy credit .....	900
		Bank and corporation tax:	
	155	Provide for early refunds .....	7,000
	1159	Solar energy credit .....	100

		Sales and use tax:	
1182		Exempts sales of vitamins by chiropractors .....	82
39		Exempts PTA .....	70
		Horse racing tax:	
129		Reduce license fees, small meets .....	825
		Inheritance tax:	
1388		Excludes certain gifts .....	5,000
1979		Personal income tax:	
1182		Jobs tax credit .....	5,900
1		IRA time extension .....	1,000
1168		Conformity .....	700
		Bank and corporation tax:	
1182		Jobs tax credit .....	5,900
937		Extend charitable deduction, donated food .....	225
		Sales and use tax:	
1180		Partial exemption, mobile homes .....	8,100
1048		Food exemption, senior citizens' homes .....	2,100
1160		Partial exemption, mobile homes .....	761
1161		Treatment, mobile transportation equipment .....	585
		Motor vehicle fees:	
612		Exemption for disabled veterans .....	33
		Property tax:	
1150		Inventory exemption .....	172,000
1980		Personal income tax:	
904		Energy conservation credit .....	25,000
903		Solar energy credit .....	15,000
1327		Pollution control facilities .....	1,000
1328		Cogeneration equipment treatment .....	1,000
906		Solar credit for agriculture .....	750
1346		Pollution control equipment credit .....	200
900		Irrigation systems credit .....	100
1257		Expand charitable contribution deduction .....	100
		Bank and corporation tax:	
904		Energy conservation credit .....	25,000
390		Unitary treatment, California corporations .....	16,000
903		Solar energy credit .....	15,000
1346		Pollution control equipment credit .....	1,400
1327		Pollution control facilities .....	1,000
1328		Cogeneration equipment treatment .....	1,000
906		Solar credit for agriculture .....	750
		Sales and use tax:	
1348		Bottled water exemption .....	3,600
1077		Partial exemption, gasohol .....	1,550
1352		Treatment, mobile transportation equipment .....	1,000
1246		Reenact factory built housing treatment .....	895
645		Exempt meals for certain elderly condominium owners .....	64
1290		Exempt certain cargo containers .....	47
		Inheritance tax:	
634		Exempt spouses from tax, increased exemption for other beneficiaries .....	117,000
		Motor vehicle fees:	
371		Exempt motor homes used as residence for disabled veterans .....	150
		Alcoholic beverage tax:	
1280		Exempted military sales for all alcoholic beverages except beer .....	200
1981		Personal income tax:	
844		Ridesharing tax credit .....	500
1085		Credit for conversion to alcohol fuel .....	500
1050		Energy conservation credit .....	50
		Bank and corporation tax:	
844		Ridesharing tax credit .....	2,200
1085		Credit for conversion to alcohol fuel .....	500
1050		Energy conservation credit .....	50



		Inheritance and gift taxes:	
	5	Preferential interest rate on delinquent accounts.....	60,000
1982		Personal income tax:	
	1525	IRA interest exemption .....	20,000
	1454	Federal conformity.....	6,400
	1558	Exemption for excess value of employee stock options (net revenue cost) ....	2,900
	25	Ridesharing income exclusion .....	1,000
	376	Special treatment for losses .....	1,000
		Sales and use tax:	
	1530	Extends various medical exemptions.....	10,100
	951	Master tapes exemption.....	5,500
	1274	Custom computer programming exemption .....	4,800
	1423	Oxygen exemption .....	100
	301	X-Ray film, special treatment.....	40
		Motor vehicle fuel tax:	
	1500	Partial exemption for handicapped services.....	100
		Motor vehicle fees:	
	46	Exempts ridesharing vehicles .....	64
1983		Personal income tax:	
	959	Small business net operating loss carryover .....	2,148
		Bank and corporation tax:	
	959	Small business net operating loss carryover .....	6,252
	1161	Hi-tech charitable contributions, to correctional facilities .....	200
	231	Agricultural products donation .....	100
	344	Scientific property donated to higher education .....	100
		Sales and use tax:	
	1321	Extends partial gasohol exemption .....	12,000
	1050	Cargo containers .....	1,000
1984		Personal income tax:	
	1699	ACRS depreciation for new rental housing.....	20,000
	45	Investments in enterprise zones .....	1,000
	44	Incentives for businesses in enterprise zones .....	1,000
	1512	Metal finishers pollution control equipment credit.....	750
	1550	Interest exemption for energy authority bonds.....	50
	853	Deductions for remodeling for elderly or handicapped .....	50
	1467	Forgiveness of tax if died while serving in combat zone.....	50
	1708	Donations for agricultural products .....	50
		Bank and corporation tax:	
	1563	Ridesharing.....	3,000
	45	Investments in enterprise zones .....	1,000
	44	Incentives for businesses in enterprise zones .....	1,000
	1708	Donations of agricultural products .....	100
		Sales and use tax:	
	1511	Exemption for mass commuting vehicles .....	5,500
	1468	Exemption for diesel fuel in commercial fishing .....	7,500
	& 445		
	1576	Exemption for auditory devices.....	750
	786	Expands exemption for bottled water .....	131
	1450	Exemption for oxygen delivery systems .....	143
		Motor vehicles fuel taxes:	
	1663	Reduces tax for diesel fuel used by school districts .....	1,068

**TABLE 3**  
**Identifiable State Tax Expenditures**  
**1985-86**  
**(In millions)**

Personal income taxes.....	\$9,009
Retail sales and use taxes .....	3,327
Bank and corporation tax .....	368
Motor vehicle fuel taxes.....	110
Insurance tax.....	87
Cigarette tax.....	14
Horse racing .....	2
	<u>\$12,917</u>

**Personal Income Tax**

Employer contributions to pension plans .....	\$1,400
Interest expense (mortgage) .....	1,300
Personal and dependent credits .....	840
Interest expense (nonmortgage) .....	595
Capital gains exclusion .....	565
Employer contributions to health plans .....	550
Property, sales, and vehicle taxes.....	485
Social Security and railroad retirement income .....	450
Zero bracket amount .....	390
Charitable contributions .....	370
Head-of-household status .....	295
Employee business expenses .....	230
Union dues and miscellaneous deductions .....	185
Deferral of capital gains on home sales.....	180
Medical expenses.....	155
IRA and self-employed retirement plans.....	150
Income averaging .....	130
Compensation for injuries or sickness .....	100
Capital gains at death .....	100
Interest on government bonds (State and local) .....	90
Solar energy credit.....	90
Exclusion of capital gains on residences for persons aged 55 and over.....	50
Accelerated depreciation.....	50
Energy conservation credit .....	45
Unemployment insurance benefits.....	40
Expensing of research, exploration, and development costs .....	30
Casualty loss .....	23
Meals and lodging furnished by employer (other than military) .....	20
Percentage depletion .....	20
Moving expenses .....	17
Taxes paid to another state .....	14
Expensing of certain agricultural costs .....	10
Exclusion of scholarship/fellowship income .....	10
Credit for the elderly.....	10
Military exclusion.....	5
Timber valuation of capital gains .....	5
Child care credit .....	3
Miscellaneous credits (alcohol fuel, ride-sharing, pollution control and irrigation equipment) .....	3
Enterprise zones .....	2
Political contributions .....	2
	<u>\$9,009</u>

**Sales and Use Tax**

Food consumed at home .....	\$1,320
Gas, electricity and water .....	971
Vessels and aircraft .....	338
Cargo and returnable containers .....	181
Agricultural feed, seed and fertilizers .....	149
Prescription medicines.....	103
Candy .....	78
Custom computer programs .....	43

Newspapers and periodicals .....	42
Leases of motion pictures .....	33
Option to pay on cost rather than rental receipts .....	25
Students meals .....	10
Commercial fishing diesel fuel .....	8
Master records and tapes .....	6
Monetized bullion .....	6
Sales by charitable organizations .....	5
Bottled water .....	4
Property furnished in health services .....	2
Wheelchairs, crutches, etc. ....	2
Hot food sold to airlines .....	1
State revenue loss .....	\$3,327
Local government revenue loss .....	\$876
GRAND TOTAL .....	\$4,203

### Bank and Corporation Tax

Expensing of research, exploration, and development costs .....	\$175
Accelerated depreciation .....	100
Charitable contributions .....	35
Exempt corporations (from minimum tax only) .....	15
Solar energy credit .....	10
Exemption from preference tax .....	7
Bad debt reserves .....	6
Percentage depletion .....	5
Energy conservation credit .....	5
Ridesharing credit/exclusion .....	4
Expensing of certain agricultural costs .....	3
Enterprise zones .....	2
Miscellaneous credits (alcohol fuel, irrigation equipment, and pollution control) .....	1
	\$368

### Other Taxes

Motor vehicle fuel taxes	
Aircraft uses (primarily commercial) .....	\$58
Sales to military .....	45
School district diesel fuel .....	7
	\$110
Insurance	
Nonprofit hospital service plans .....	\$65
Pensions and profit-sharing .....	20
Fraternal benefit societies .....	2
	\$87
Cigarette tax	
Sales to military .....	\$14
Horseracing tax	
Preferential breakage treatment .....	\$2



**TABLE 4**  
**Property Tax Exemptions**  
**1985-86**  
**(In millions)**

Business inventories .....	\$660
Furnishings, personal effects <sup>1</sup> .....	658
Homeowners' <sup>1</sup> .....	335
Welfare .....	166
Open space, historical property .....	66
College <sup>1</sup> .....	29
Computer programs .....	13
Senior citizens, disabled tax deferral .....	10
Church <sup>1</sup> .....	7
Documented vessels .....	6
Air carrier ground time .....	5
Livestock head-day exemption .....	5
Disabled veterans .....	3
Aircraft under repair .....	3
Cargo containers in ocean commerce .....	3
Cotton exemption .....	2
Motion pictures .....	1
	<hr/>
	\$1,972

<sup>1</sup> The tax exemption is required by a constitutional provision.

**TABLE 5**  
**Tax Expenditure Report**  
**Recommendations Since 1972**

<b>Year</b>	<b>Recommendation</b>	<b>Action</b>
1974	Elimination of tax expenditure report if no meaningful review is to be undertaken ..	None
1976	Triennial expiration date for selected tax expenditures unless reenacted by the Legislature .....	None
	Eliminate:	
	Option to pay on cost rather than rental receipts: Sales and Use Tax .....	None
	Exemption of monetized bullion from sales tax .....	None
	Exemption of gold and silver bullion from sales tax .....	Repealed in 1979
	Exemption of ice used for packing and shipping from sales tax .....	Repealed in 1979
	Exemption from use tax for banks making out-of-state purchases .....	None
	Exemption from local sales tax for purchases made for commercial waterborne vessels and aircraft .....	None
	Exemption from the alcoholic beverage tax for beer sold at military facilities .....	Repealed, effective January 1, 1980
	Exemption for banks from paying the energy resources surcharge .....	None
1977	Eliminate \$30,000 corporate income exemption: corporate preference tax .....	None
	Increase corporate preference tax rate to 4.5 percent from 2.5 percent .....	None
	Include excess allowed by expensing of exploration and development expenses as an item of tax preference under both personal and corporate taxes .....	None
	Limit depletion allowance for mines to cost .....	None
	Require capitalization and amortization of:	
	Soil and water conservation costs .....	None
	Research and experimental costs .....	None
	Trademark or tradename costs .....	None
	Circulation costs .....	None
	Organization costs .....	None
	Establish December 31, 1980 expiration date for any of the above items which are retained .....	None
	Legislative Study on:	
	Military pay exclusion .....	None
	Tax exempt status for Social Security .....	None
	Tax exempt status for unemployment insurance .....	None
	Exemption of cooperatives' income from taxation .....	None
	Treatment of deferred compensation .....	None

1979	Legislature should consider:	
	Exempting works of art from property tax if displayed without admission charge in California .....	None
	Requiring some free admission to exhibits brought into California as a condition for exemption .....	None
	Requiring all hospitals to maintain and staff emergency facilities as a condition for exemption from property tax .....	None
	Requiring tax exempt schools and colleges to make some facilities (e.g. meeting rooms) available to community organizations or provide library access to local residents as a condition for exemption from property tax .....	None
	Disallowing property tax exemptions for organizations other than religious or ethnic which practice discrimination against a segment of the population (e.g. the elderly or handicapped) .....	None
	Every study should contain firm recommendation as to continuation or curtailment of the program .....	None
1980	Include expiration date in all tax expenditure provisions to insure periodic review..	None
	Legislative study on feasibility of limiting charitable exemption to charities which operate within California .....	None
	Legislative review of the life insurance exclusion under the inheritance tax .....	None
	Legislative review of the tax rates and exemptions for interspousal transfers under the inheritance and gift taxes .....	None
1981	Legislature must include three-year expiration date for every tax expenditure enacted	None
	No tax expenditure can be reenacted unless studied by the Legislature during the interim .....	None
1982	Legislature must include three year expiration date for every tax expenditure enacted	None
	No tax expenditure can be reenacted unless studied by the Legislature during the interim .....	None
1983	Eliminate solar and other energy credits .....	Credits modified
	Eliminate Department of Finance biennial tax expenditure report .....	Annual Requirement

# Budget Presentation

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In a continuing effort to improve the presentation of the Governor's Budget, the budget format has been revised on a pilot basis for the departments contained in the Business, Transportation and Housing section.

A consistent format has been adopted throughout all of the Business, Transportation and Housing departments. In addition, major budget changes have been highlighted under a "Major Budget Adjustment" section near the beginning of each department's presentation and more specifically discussed under "Budget Adjustments" in each affected program.

These and other changes are being made to improve the consistency, display and readability of the Governor's Budget. The success of this effort will determine whether this revised presentation will be adopted in future Governor's Budgets.

## List of Budget Process Documents

The Governor's Budget is the result of a process which begins more than one year before the budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditures estimates based upon the most current information available through late December. In the event that the Governor wants to change the budget presented to the Legislature, including adjustments resulting from changes in population, caseload or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during the budget hearings through Finance Letters. During late spring, usually May and June, the Department of Finance submits revised expenditure and revenue estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revise. The Department of Finance provides a further update on revenues and expenditures to the Legislature during August. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued by	When
Budget Letters and Management Memos	Convey Administration guidelines for budget preparation to agencies and departments	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service	Agencies and departments submit to Department of Finance for analysis	July through September
Governor's Budget	Governor's proposed budget for the upcoming fiscal year	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document)	Department of Finance/ Legislature	January 10
Governor's Budget Summary	A summary of the Governor's Budget	Governor/Department of Finance	Late January
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget	Legislative Analyst	February
Budget Update	Compilation of Budget Change letters sent to Fiscal Committees	Department of Finance	March
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and surplus estimates based on the latest economic forecast	Department of Finance	Mid-May



Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes	Legislature/Governor	Late June
Supplemental Report of the Committee of Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies	Legislative Analyst	Early July
Final Budget Summary	Published, if needed, update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal information in Governor's Budget in accordance with the Budget Act	Department of Finance	Late July
Budget Update	Update of General Fund Revenues	Department of Finance	August
General Fund Update and Financial Legislation Report	Update of revenue and expenditure estimates, including financial legislation. Also includes a preliminary economic forecast and revenue estimates for the succeeding fiscal year.	Department of Finance	Early November

# Glossary of Budget Terms

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The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget-related terms may be found in the State Administrative Manual and in the annual Budget Bill.

**Administration Program:** An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting and Business Services functions that generally serve the whole department.

"Administration-distributed" represents those costs which are more properly distributed to the program activities of an agency as indirect costs.

**Allocation:** A distribution of funds, or an expenditure limit established for an organization unit.

**Allotment:** A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line-item expenditure basis.

**Appropriation:** An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Continuing appropriations (which require no subsequent legislative action) are also provided by the California Constitution.

**Appropriation Limits:** As defined in Section 8 of Article XIII B of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited to the level of the prior year's appropriation limit as adjusted for

changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another.

**Augmentation:** An increase in an allotment. A control section of the Budget Act authorizes the increase in expenditures for a category or project by transfer from any other category or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.

**Authorized Positions:** Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are listed following each agency's budget presentation in the Governor's Budget. (See Proposed New Positions.)

**Balance Available:** Amount available for appropriation or encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be encumbered for the purposes of the specific appropriation.

**Baseline Budget:** A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

**Budget, Program/Traditional:** A plan of operation for a specific period of time expressed in financial terms. A *program budget* expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and

objectives. A *traditional budget* expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget. However, a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations, Local Assistance and Capital Outlay for each department, as well.

**Budget Bill/Act:** The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's request for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature. The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act.

**Budget Change Proposal (BCP):** A proposal to change the level of service or funding sources for activities authorized by the Legislature, or propose new program activities not currently authorized.

**Budget Year (BY):** The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

**Capital Outlay:** Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

**Carryover Appropriations:** Appropriations with balances available for expenditure in years subsequent to the year of enactment.

**Category:** A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

**Category Transfer:** A control section of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any other category within the same appropriation item schedule. Augmentations of personal services and

operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)

**Changes in Authorized Positions:** A statement included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.

**Character of Expenditure:** A classification of expenditures. (See State Operations, Local Assistance or Capital Outlay.)

**Codes, Uniform:** A set of codes, used in all major fiscal systems of California State government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

**Continuing Appropriation:** Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which is automatically renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is required for the purpose as determined by formula—such as school apportionments.

**Control Sections, Budget Act:** The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California. Sections 4.00 through 36.00 are general sections, also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.



**Cost of Living Adjustments (COLA's),**

**Statutory/Discretionary:** Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid.

**Current Year (CY):** The fiscal year beginning July 1 and ending June 30. The time period we are in now.

**Encumbrance:** A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

**Expenditure:** Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

**Federal Funds:** In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through another state department. State agencies must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

**Final Budget:** The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of item veto. It includes a detailed list of changes by item number with a cross reference to the page number of the Governor's Budget.

**Finance Letters:** Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10 to reflect a revised plan of expenditure for the Budget Year.

**Fiscal Year (FY):** A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California State

government, the fiscal year runs from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years.

The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "'81" or "1981" means the 1981-82 fiscal year. By contrast, the federal 1981-82 fiscal year is often referenced as "'82" or "1982," and lasts from October 1 through September 30. (Calendar years are also used in the state for economic, revenue and other program purposes, and are referenced as "1981" or "'81"; thus, it is often difficult to determine whether a calendar, state fiscal or federal fiscal year is being referenced.)

**Fund Balance:** Excess of the assets of a fund over its liabilities and reserves. (See Balance Available, Reserve for Economic Uncertainties and Surplus.)

**Fund Condition Statement:** A statement included in the Governor's Budget for each special fund, special accounts in the General Fund, selected bond funds and Governmental Cost funds to disclose the fund assets, liabilities, reserves and surplus.

**Funds:** A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures. (See "Description of Fund Classifications in State Treasury.")

**General Fund:** The General Fund is the predominant fund for financing State operations. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax and bank and corporation taxes. A complete itemization of the revenue sources are listed in Schedule 8. The General Fund is used as the major funding source for education (K-12 and higher education), health and welfare programs, youth and adult correctional programs and tax relief. Schedule 9 provides a

listing of expenditures for the General Fund.

**Item:** (See Appropriation.)

**Limited-Term Positions:** A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.

**Line Item:** (See Objects.)

**Local Assistance:** Expenditures made for the support of local government activities.

**Local Mandates:** (See State-Mandated Local Program.)

**Merit Salary Adjustment:** A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the work classification.

**Minor Capital Outlay:** Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$150,000.

**Objects (line items):** A subclassification of expenditures based on type of goods or services. For example, the Personal Services category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each department's budget in the Governor's Budget for State Operations, Local Assistance and Capital Outlay expenditures. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.

**Past Year:** The fiscal year just completed. (See Fiscal Year.)

**Personnel Years:** The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.

**Positions:** (See Authorized Positions.)

**Programs:** The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks (the lowest defined program activity).

**Proposed New Positions:** A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

**Reappropriation:** The extension of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

**Receipts:** Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.

**Reconciliation With Appropriations:** A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

**Reimbursements:** Amount received as a repayment of the cost of work, or service performed, or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

**Reserve for Economic Uncertainties:** Control sections of the Budget Act provide for the establishment of a reserve of funds in the General Fund and in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriation Limits.)

**Reserves:** An amount set aside in a fund to provide for expenditures from the



unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, for pending salary or price increase appropriations and appropriation for capital outlay projects.

**Revenue:** The addition to cash or other current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings.

**Reversion:** The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

**Salary Savings:** Salary savings reflect personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.

**Special Funds:** Special funds is a generic term used for "governmental cost funds" other than the General Fund. Governmental cost funds are commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples of special funds are the transportation funds, fish and game funds and the professions and vocation funds. Revenues and expenditures of special funds are summarized in Schedules 8, 9 and 10.

**Staff Benefits:** The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits and nonindustrial disability leave benefits.

**State-Mandated Local Program:** State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November

6, 1979 general election. (See Governor's Budget: 9680 State-Mandated Local Programs.)

**State Operations:** Expenditures for the support of State government, exclusive of capital investments and expenditures for local government activities.

**Summary by Object:** A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Capital Outlay and Local Assistance expenditures.

**Summary of Program Requirements:** At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals and source of funds for the past, current and budget years.

**Summary Schedules:** The Governor's Budget includes schedules which summarize state revenues and expenditures for the past, current and budget years. (See Schedules 1–13.)

**Surplus:** A surplus is the amount that exceeds liabilities and reserves. This term is no longer favored although still used in many fiscal presentations. (See Fund Balance.)

**Tax Expenditures:** Subsidies provided through the taxation systems.

**Transfers:** As reflected in fund condition statements, reflects the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.



## Description of Key Schedules

The Budget includes summary information in various schedules. The following schedules are those which may be the most useful for the public, private sector, or other levels of government.

### **SCHEDULE 1.** *General Budget*

*Summary*—Provides for a fund condition statement for the General Fund and the total of the Special funds plus expenditure totals for the Selected Bond funds.

### **SCHEDULE 2.** *Total State Spending Plan*—

Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

### **SCHEDULE 3.** *Comparison of California Current and Recommended Fund Structures using 1985–86 Budget Totals*—

Provides a comparison of budget data using generally accepted accounting principles.

### **SCHEDULE 4.** *Personnel Years and Salary Cost*

*Estimates*—Provides position and personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

### **SCHEDULE 4A.** *Positions and Salary Cost*

*Estimates*—Provides position and personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects gross data before salary savings.

### **SCHEDULE 4B.** *Personnel Years and Salary*

*Costs*—Provides expended personnel years and salary costs for fiscal years 1981–82, 1982–83, and 1983–84.

**SCHEDULE 5.** *Summary of State Population, Employees, and Expenditures*—Provides historical data of State population, employees and expenditures.

**SCHEDULE 6.** *General Fund Balances Available for Appropriation*—Provides a comparison of the 1983–84 and 1984–85 General Fund amounts presented in the 1985–86 Governor's Budget to the amounts presented for those years in the 1984–85 Governor's Budget.

**SCHEDULE 7.** *General Fund: Statement of Financial Condition*—Provides the financial

condition of the General Fund as of June 30, 1984 from the most recently available information from the State Controller.

**SCHEDULE 8.** *Comparative Statement of Revenues*—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) transfers.

**SCHEDULE 9.** *Comparative Statement of Expenditures*—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, Selected Bond funds and Federal funds for State operations, local assistance and capital outlay.

**SCHEDULE 10.** *Summary of Fund Condition Statements*—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

**SCHEDULE 11.** *Statement of Cash and Securities*—Provides a listing of cash, securities and amounts due from the Surplus Money Investment Fund for all funds maintained in the State Treasury.

**SCHEDULE 12.** *Comparative Statement of Expenditures as Required by Law*—Provides a listing of expenditures authorized by constitutional or statutory appropriation authority.

**SCHEDULE 13.** *Statement of Bonded Debt*—Provides a listing of all general obligation bonds as of December 31, 1984 including interest rates, maturity dates, authorized amount of bond issues, unsold issues, redemptions, and outstanding issues.

# Description of Fund Classifications in the State Treasury

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 10 and 11 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals; and along with selected Bond Funds, are included in the overall expenditure totals. The State of California started in 1981–82 to change classification of funds in the state treasury to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 3 includes a description of these changes and shows their effect on the 1985–86 budget totals.

**General Fund.** Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental costs funds is the restriction placed on the use of the other governmental cost funds.

**Special Funds.** Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement and capital outlay.

**General Fund Special Account.** Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund unrestricted revenues, expenditures and reserves.

**Other Funds.** See Schedule 11 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state

revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

**Working Capital and Revolving Funds.** Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

**Public Service Enterprise Funds.** Self supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

**Bond Funds.** Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

**Retirement Funds.** Moneys held in trust by the State for retirement benefit payments.

**Trust and Agency Funds.** Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

**Selected Bond Funds.** Included in the overall expenditures totals of Schedules 1 and 9 for budget purposes are expenditures from the following funds:

- Bond Proceeds Account, State School Building Lease-Purchase Fund.
- County Jail Capital Expenditure Fund, Bond Act of 1981.
- Health Science Facilities Construction Program Fund.
- Recreation and Fish and Wildlife Enhancement Fund.
- State Beach, Park, Recreational and Historical Facilities Fund (of 1964).
- State Beach, Park, Recreational and Historical Facilities Fund (of 1974).
- State Clean Water Fund.

State Clean Water and Water Conservation  
Fund.  
State Construction Program Fund.  
California Safe Drinking Water Fund.  
State, Urban, and Coastal Park Fund (Bond Act  
of 1976).  
Parklands Fund of 1980.  
New Prison Construction Funds.

Lake Tahoe Acquisitions Fund.  
Parklands Fund of 1984.  
County Jail Capital Expenditure Fund, Bond Act  
of 1984.  
1984 Prison Construction Fund.  
State Coastal Conservancy Fund of 1984  
1984 State Clean Water Bond Fund  
Fish and Wildlife Habitat Enhancement Fund



**Schedule 1**  
**GENERAL BUDGET SUMMARY <sup>a</sup>**  
**(In thousands)**

	Reference to Schedule	General Fund	Special <sup>c</sup> Funds	Budget Expenditure Totals	Selected Bond Fund Expenditures	Expenditure Totals Including Bonds
<b>1983-84</b>						
Prior year resources available.....	10	— \$449,645	\$695,756			
Revenues and transfers.....	8	23,909,493	3,816,673			
Expenditures .....	9	22,869,226	3,527,410	\$26,396,636	\$399,922	\$26,796,558
Fund Balance.....	7	\$490,622	\$985,019			
Unencumbered balance of continuing appropriations	7	62,973	270,722			
Reserve for Economic Uncertainties.....	7	427,649 <sup>b</sup>	714,297			
<b>1984-85</b>						
Prior year resources available.....	7	\$490,622	\$985,019			
Revenues and transfers.....	8	26,076,862	4,925,892			
Expenditures .....	9	25,582,180	4,952,244	\$30,534,424	\$1,130,100	\$31,664,524
Fund Balance.....	10	\$985,304	\$958,667			
Unencumbered balance of continuing appropriations	10	15,324	107,366			
Reserve for Economic Uncertainties.....	10	\$969,980 <sup>b</sup>	851,301			
<b>1985-86</b>						
Prior year resources available.....	10	\$985,304	\$958,667			
Revenues and transfers.....	8	27,922,154	4,998,816			
Expenditures .....	9	27,863,985	5,266,669	\$33,130,654	\$469,050	\$33,599,704
Fund Balance.....	10	\$1,043,473	\$690,814			
Unencumbered balance of continuing appropriations	10	3,384	105,758			
Reserve for Economic Uncertainties.....	10	1,040,089 <sup>b</sup>	585,056			

<sup>a</sup> The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of State government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded.

<sup>b</sup> The Reserve for Economic Uncertainties provides a source of funds to meet State General Fund obligations in the event of a decline in revenues or an unanticipated increase in expenditures. Included in the 1983-84 amount is the reserve for Los Angeles County Medical Assistance Grant Account pursuant to Chapter 1594, Statutes of 1982.

<sup>c</sup> Due to the lateness in availability of the State Controller's preliminary fiscal data for their annual report, the amounts reflected in the 1983-84 fiscal year may not agree with the data which will be included in the State Controller's annual report. In addition, amounts included in this schedule for expenditures may not agree with those shown in Schedules 9, 10 and 12 due to rounding.

## Schedule 2 TOTAL STATE SPENDING PLAN

This Schedule is included for informational purposes to show in one place the expenditures of all funds which are accounted for by the State.

A basic premise in a consolidation such as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds. A total consolidation presents both theoretical and practical problems because of the individual nature of each fund. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Examples of problems which may arise from an unqualified consolidation are (1) funds are accounted for in a different manner, (2) duplication of expenditures result, (3) expenditures from non-state funds are included, and (4) expenditures are included for quasi-state operations such as Workers' Compensation and for payment of retirement benefits for other governmental units.

In order to minimize misinterpretations, this Schedule is displayed in two parts. Part A summarizes those expenditures from funds traditionally included in budget totals; Part B summarizes expenditures from the other funds which are collectively identified as nongovernmental cost funds. Schedule 2, in either part, does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

### Total State Spending Plan—Part A Governmental Cost, Selected Bond Funds and Federal Funds

As stated above, Part A summarizes expenditures from funds which are traditionally included as part of State expenditure summaries in the Governor's Budget and other State financial reports. The major portion of the expenditures shown in Part A is for the General Fund and the various special funds which are commonly referred to as "governmental cost funds." This term is used because these funds are used to account for moneys which are derived from general and special taxes, licenses, fees or other revenue sources to provide financing for State activities which are for the general purposes of State government.

The selected bond funds are included in Part A because of the historical legislative interest in showing these expenditures in budget totals. It should be noted that there is a duplication in showing these expenditure amounts from bond proceeds because the expenditures are included both when bond proceeds are spent and when debt service is paid.

The Federal funds have also been included in Part A because of increasing interest in the level of the State's expenditure of Federal funds. The detail of expenditures by department for the General Fund, special funds, selected bond funds and Federal funds is shown in Schedule 9.

<i>Funds</i>	<i>1983-84*</i>	<i>1984-85*</i>	<i>1985-86*</i>
Governmental Cost Funds:			
General Fund.....	\$22,869,226	\$25,582,180	\$27,863,985
Special Funds.....	3,527,410	4,952,244	5,266,669
Totals, Governmental Cost Funds .....	\$26,396,636	\$30,534,424	\$33,130,654
Selected Bond Funds .....	399,922	1,130,100	469,050
Totals, Governmental Cost Funds and Selected Bond Funds.....	\$26,796,558	\$31,664,524	\$33,599,704
Federal Funds .....	12,454,307	13,379,907	13,667,552
<b>TOTALS .....</b>	<b>\$39,250,865</b>	<b>\$45,044,431</b>	<b>\$47,267,256</b>

### Total State Spending Plan—Part B Nongovernmental Cost Funds

Nongovernmental cost funds are used to account for moneys which are derived from sources other than general or special taxes, licenses, fees or other state revenues. Although Federal funds and bond funds are classified as nongovernmental costs funds, they are included in Part A for reasons cited therein. The nongovernmental cost funds shown in Part B are segregated into the following classifications.

#### PUBLIC SERVICE ENTERPRISE FUNDS

Public Service Enterprise Funds are used to account for the transactions of self-supporting enterprises which render services for a charge primarily to the general public.

Activities which are accounted through Public Service Enterprise Funds include toll bridges, harbor facilities, disability insurance, college housing, and veterans farm and home loan financing. Bond funds and sinking funds related to a public service enterprise are included in this classification.

Public Service Enterprise Funds differ from Working Capital and Revolving Funds in that, in the latter, fees for services rendered are largely from other State agencies or local governments.

It should be noted that expenditures shown below from the Compensation Insurance Fund do not include benefit payments to State employees because the State is self-funded. The expenditures shown are benefits paid from funding provided through insurance premiums and therefore are not true State costs.

## WORKING CAPITAL AND REVOLVING FUNDS

Working Capital and Revolving Funds are used to account for the internal service activities rendered by a State agency to other State agencies or to local governments. Activities which are accounted through Working Capital and Revolving Funds include centralized purchasing for stores, consolidated data center services, printing, architectural services, manufacturing, surplus money investment, payroll disbursement, automotive management, and building operations.

Working Capital and Revolving Funds differ from the Public Service Enterprise Funds, which render services primarily to the general public. To the extent that services are provided to other State agencies, expenditures shown in Working Capital and Revolving Funds are duplicative of expenditures shown in the agencies.

## BOND FUNDS

Bond Funds are used to account for the receipt and disbursement of bond proceeds. They do not account for bond retirement since the liability created by the sale of bonds is not a liability of these funds. Bonds are retired and the interest obligations thereon are paid through the provisions specified in the bond act.

Bond Funds related to a public service enterprise are included in the Public Service Enterprise Fund classification.

## RETIREMENT FUNDS

Retirement Funds are used to account for employer and member contributions received by various retirement systems, the investment of these moneys, annuity payments, refunds to members, and other receipts and disbursements. The amounts shown below reflect both administrative costs and benefits paid to annuitants. For the Public Employees' Retirement Fund and the Teachers' Retirement Fund, funding includes non-state sources and expenditures therefrom are not true State costs. Also, costs funded from amounts transferred into these funds from other State agencies are duplicative of expenditures shown in the agencies.

## OTHER NONGOVERNMENTAL COST FUNDS

For selected programs, the State budget has traditionally included funding provided by county funds and university funds for informational purposes. Because of inclusion in the budget, these expenditures are shown in Schedule 2. The balance of funds shown in this classification are for Trust and Agency Funds which are used to account for moneys and properties that are received from other than Federal sources and which are held and disbursed from the State Treasury by the State as trustee or custodian.

The following provides detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

<i>Funds</i>	<i>1982-83*</i>	<i>1983-84*</i>	<i>1984-85*</i>
<b>PUBLIC SERVICE ENTERPRISE FUNDS:</b>			
Water Resources Development Bond Fund.....	\$269,956	\$253,072	\$291,525
Central Valley Water Project Const Fund.....	197,741	123,623	77,483
Central Valley Water Project Revenue Fund .....	56,591	119,670	155,531
Compensation Insurance Fund .....	470,120	528,387	597,800
Harbors and Watercraft Revolving Fund .....	26,039	25,925	31,569
Univ & College Cont Educ Revenue Fund, St .....	31,617	33,407	37,985
Unemployment Compensation Disability Fund.....	894,610	1,047,536	1,081,623
Veterans Farm & Home Building Fund 1943 .....	889,946	934,240	977,077
Others .....	94,476	247,577	215,227
Totals, Public Service Enterprise Funds.....	\$2,931,096	\$3,313,437	\$3,465,820
<b>WORKING CAPITAL AND REVOLVING FUNDS:</b>			
Architecture Revolving Fund .....	9,410	10,986	11,723
Health and Welfare Agency Data Cent Rev Fund.....	25,836	32,408	33,996
Service Revolving Fund .....	207,852	245,685	262,425
Stephen P. Teale Data Center Rev Fund.....	39,149	45,230	51,681
Others .....	27,929	50,068	48,335
Totals, Working Capital and Revolving Funds.....	\$310,176	\$384,377	\$408,160
<b>BOND FUNDS—OTHER:</b>			
Public School Building Loan Fund.....	1,585	295	0
School Building Aid Fund, State .....	206,694	206,136	184,122
Others .....	88	102	100,135
Totals, Bond Funds—Other.....	\$208,367	\$206,533	\$284,257
<b>RETIREMENT FUNDS:</b>			
Judges' Retirement Fund .....	26,414	31,910	35,430
Legislators' Retirement Fund .....	3,175	3,391	3,346
Public Employees' Retirement Fund .....	1,269,445	1,530,422	1,688,436
Teachers' Retirement Fund .....	861,308	946,676	1,039,603
Totals, Retirement Funds.....	\$2,160,342	\$2,512,399	\$2,766,815
<b>OTHER NONGOVERNMENTAL COST FUNDS:</b>			
University Funds .....	1,691,491	1,776,657	1,886,717
Others .....	488,134	522,506	536,804
Totals, Other Nongovernmental Cost Funds.....	\$2,179,625	\$2,299,163	\$2,423,521
<b>TOTALS, ALL NONGOVERNMENTAL COST FUNDS.....</b>	<b>\$7,789,606</b>	<b>\$8,715,909</b>	<b>\$9,348,573</b>

\* Dollars in thousands



## ADOPTION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

With the implementation of the California Fiscal Information System (CFIS), the State of California is committed to the adoption of Generally Accepted Accounting Principles (GAAP). The National Council on Governmental Accounting (NCGA), the Financial Accounting Standards Board and the Council of State Governments are all active in defining GAAP and recommend that state governments adhere to the principles they set forth. The California Fiscal Advisory Board has approved conformance with GAAP as set forth by the NCGA in California beginning in 1981-82 with the following exceptions:

1. General Fund transfers to other funds will continue to be shown as expenditures of the General Fund.
2. Reimbursements will continue to include monies that come from non-State sources, such as from local government or the private sector.
3. The Health Care Deposit Fund will continue to be accounted on a cash basis.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of governmental organizations—regardless of jurisdictional legal provisions and customs.

This standardization assures that financial reports of all State and local governments contain the same types of financial statements and disclosures for the same categories and types of funds and account groups, based on the same measurement and classification criteria. It also allows the users of governmental fiscal reports to gain a better understanding of the government's financial condition and facilitates the comparison of operations from year to year within each fund, as well as with the operations of other funds or governmental organizations.

Another important aspect of GAAP as applied to governments is recognition of the variety of legal and contractual considerations typical of the government environment. These considerations underlie and are reflected in the fund structure, basis of accounting, and other principles.

Governmental accounting systems designed in conformity with these principles can readily satisfy most management control and accountability information needs with respect to both GAAP and legal compliance reporting.

Schedule 3, based on an assessment of GAAP classifications and using 1985-86 budget totals, shows how California's current fund classifications will translate into GAAP classifications.

### SCHEDULE 3 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES COMPARISON OF CALIFORNIA CURRENT FUND STRUCTURE AND RECOMMENDED FUND STRUCTURE USING 1985-86 BUDGET TOTALS (In Thousands)

	FUND STRUCTURE BASED ON NCGA CLASSIFICATIONS									
	Governmental Funds				Proprietary Funds		Fiduciary Funds			Totals
	General Fund	Special Revenue Funds	Capital Projects Funds	Total Governmental Funds	Enterprise Funds	Internal Service Funds	Retirement Funds	Trust and Agency Funds	Unclassified	
<b>CURRENT FUND STRUCTURE</b>										
<b>Governmental Cost Funds</b>										
General Fund.....	\$27,863,985	\$6,000	-	\$27,869,985	-	-	-	-	-	\$27,869,985
General Fund Special Accounts .....	-	337,906	-	337,906	-	\$6,512	-	\$40,327	-	384,745
Transportation Funds.....	-	1,884,642	-	1,884,642	-	-	-	1,902,860	-	3,787,502
Feeder Funds.....	-	-	-	-	-	-	-	77,000	-	77,000
Other Governmental Cost Funds .....	-	832,344	\$125,994	958,338	-	-	-	53,084	-	1,011,422
Total Governmental Cost Funds.....	\$27,863,985	\$3,060,892	\$125,994	\$31,050,871	-	\$6,512	-	\$2,073,271	-	\$33,130,654
<b>Selected Bond Funds</b> .....	-	-	\$190,513	\$190,513	-	-	-	\$278,537	-	\$469,050
Total Governmental Cost Funds and Selected Bond Funds .....	\$27,863,985	\$3,060,892	\$316,507	\$31,241,384	-	\$6,512	-	\$2,351,808	-	\$33,599,704
<b>Nongovernmental Cost Funds</b>										
Public Service Enterprise Funds .....	-	-	\$711	\$711	\$2,322,997	-	-	\$1,142,112	-	\$3,465,820
Working Capital and Revolving Funds .....	-	\$10,040	11,723	21,763	29,512	\$352,225	-	4,660	-	408,160
Bond Funds—Other .....	-	-	135	135	-	-	-	284,122	-	284,257
<b>Trust and Agency Funds:</b>										
Retirement Funds.....	-	-	-	-	-	-	\$2,766,815	-	-	2,766,815
Trust and Agency Funds—Federal .....	-	9,338,761	-	9,338,761	-	-	-	1,701,745	\$2,627,046	13,667,552
Trust and Agency Funds—Other .....	-	2,863	-	2,863	13,632	-	-	107,705	-	124,200
Other Nongovernmental Cost Funds .....	-	-	-	-	-	-	-	-	2,299,321	2,299,321
Total Nongovernmental Cost Funds .....	-	\$9,351,664	\$12,569	\$9,364,233	\$2,366,141	\$352,225	\$2,766,815	\$3,240,344	\$4,926,367	\$23,016,125
<b>TOTAL SPENDING, ALL FUNDS</b> .....	\$27,863,985	\$12,412,556	\$329,076	\$40,605,617	\$2,366,141	\$358,737	\$2,766,815	\$5,592,152	\$4,926,367	\$56,615,829
<b>TOTALS, GAAP FUNDS</b> .....	\$27,863,985	\$12,412,556	\$329,076	\$40,605,617	\$2,366,141	\$358,737	\$2,766,815	\$5,592,152	-	\$51,689,462

# SCHEDULE 4

## PERSONNEL YEARS AND SALARY COST ESTIMATES (Excludes Staff Benefits) (Dollars in Thousands)

FUNCTION	1984-85 Fiscal Year		1985-86 Fiscal Year	
	Personnel Years <sup>1</sup>	Net Salaries and Wages	Personnel Years <sup>1</sup>	Net Salaries and Wages
Legislative/Judicial/Executive:				
Legislative .....	423.8	\$12,790	447.8	\$14,534
Judicial .....	1,344.5	75,012	1,431.8	78,443
Executive .....	8,191.9	220,850	8,173.7	225,458
State and Consumer Services .....	12,195.5	287,543	11,541.6	283,802
Business, Transportation and Housing.....	33,527.8	908,792	32,648.5	901,008
Resources .....	13,842.1	386,992	13,723.3	389,328
Health and Welfare .....	39,680.4	975,631	36,967.0	925,864
Youth and Adult Correctional .....	18,153.9	529,689	19,983.9	581,913
Education:				
Education .....	2,711.8	70,814	2,718.0	72,264
Higher Education .....	91,081.3	2,703,153	90,755.6	2,735,265
Unallocated salary increase .....	-	-	-	171,382
General Government:				
General Administration .....	9,604.0	275,068	9,497.1	285,678
Unallocated salary increase—Other .....	-	32,828	-	316,729
NET TOTALS .....	230,757.0	\$6,479,162	227,888.3	\$6,981,668
POSITION CLASSIFICATION				
Constitutional Officers .....	127.0	4,362	127.0	4,672
Statutory .....	219.3	14,752	211.3	14,676
Civil Service .....	136,974.2	3,617,449	134,367.2	3,628,668
Superior Court Judges—part salary .....	672.0	47,662	687.0	48,753
Exempt—Other .....	2,189.1	72,892	2,251.2	75,638
Exempt—Higher Education:				
University of California .....	55,036.0	1,673,662	54,936.0	1,696,875
Auxiliary Facilities—University of California.....	2,866.0	55,399	2,716.0	52,500
Hastings College of Law .....	211.7	7,276	211.7	8,149
State University.....	30,778.1	916,347	30,484.0	921,759
Auxiliary State University and College Facil.....	1,683.6	36,533	1,896.9	41,867
Unallocated salary increase .....	-	-	-	171,382
Unallocated salary increase—Other .....	-	32,828	-	316,729
NET TOTALS .....	230,757.0	\$6,479,162	227,888.3	\$6,981,668

<sup>1</sup> As shown in departmental budgets as "Net Totals, Salaries and Wages."

# SCHEDULE 4A

## POSITIONS AND SALARY COST ESTIMATES (Excludes Staff Benefits) (Dollars in Thousands)

Function	1984-85 Fiscal Year		1985-86 Fiscal Year	
	Estimated Positions <sup>1</sup>	Total Salaries and Wages	Proposed Positions <sup>1</sup>	Total Salaries and Wages
Legislative/Judicial/Executive:				
Legislative .....	424.8	\$13,078	448.8	\$14,695
Judicial .....	1,381.5	77,339	1,448.8	79,592
Executive .....	8,659.1	232,603	8,593.5	237,259
State and Consumer Services .....	12,717.2	299,959	12,170.2	298,008
Business, Transportation and Housing .....	34,890.3	948,627	34,252.7	946,195
Resources .....	14,511.9	399,033	14,345.3	402,732
Health and Welfare .....	41,992.4	1,029,856	39,225.3	983,211
Youth and Adult Correctional .....	18,739.9	546,299	20,628.4	601,740
Education:				
Education .....	2,809.2	75,428	2,801.8	76,438
Higher Education .....	93,120.2	2,737,952	92,803.6	2,790,098
Unallocated salary increase .....	-	-	-	171,382
General Government:				
General Administration .....	9,985.2	284,737	9,904.1	296,378
Unallocated salary increase—Other .....	-	32,828	-	316,729
TOTALS, SALARIES AND WAGES .....	239,231.7	\$6,677,739	236,622.5	\$7,214,457
Less Salary Savings .....	-8,474.7	-198,577	-8,734.2	-232,789
NET TOTALS .....	230,757.0	\$6,479,162	227,888.3	\$6,981,668

<sup>1</sup> As shown in departmental budgets as "Totals, Salaries and Wages."



**SCHEDULE 4B**

**PERSONNEL YEARS AND SALARY COSTS**  
*(Excludes Staff Benefits)*  
**(Dollars in Thousands)**

<i>Function</i>	<i>1981-82 Fiscal Year</i>		<i>1982-83 Fiscal Year</i>		<i>1983-84 Fiscal Year</i>	
	<i>Personnel Years</i>	<i>Net Salaries and Wages</i>	<i>Personnel Years</i>	<i>Net Salaries and Wages</i>	<i>Personnel Years</i>	<i>Net Salaries and Wages</i>
Legislative/Judicial/Executive:						
Legislative.....	351.1	\$9,922	384.9	\$11,050	411.4	\$11,590
Judicial.....	1,090.1	48,188	1,166.6	55,049	1,296.9	66,335
Executive .....	7,977.1	182,079	7,738.4	180,750	7,777.8	187,356
State and Consumer Services.....	11,325.3	227,140	11,378.2	231,090	11,255.7	240,442
Business, Transportation and Housing .....	31,859.4	730,383	32,181.5	743,074	33,092.2	804,804
Resources .....	14,373.0	323,466	14,141.0	326,043	13,518.6	330,000
Health and Welfare.....	41,589.7	864,394	40,931.0	857,122	39,288.0	861,231
Youth and Adult Correctional .....	13,934.6	354,210	14,673.7	373,572	15,336.1	419,114
Education:						
Education .....	2,796.1	64,518	2,666.0	62,371	2,547.6	61,060
Higher Education .....	93,988.5	2,153,809	94,188.0	2,193,246	93,091.6	2,299,268
General Government:						
General Administration .....	9,528.5	216,056	9,040.0	209,326	9,079.3	239,167
<b>NET TOTALS .....</b>	<b>228,813.4</b>	<b>\$5,174,165</b>	<b>228,489.3</b>	<b>\$5,242,693</b>	<b>226,695.2</b>	<b>\$5,520,367</b>

**SCHEDULE 5**  
**SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES**

Year	Population <sup>1</sup> (Thousands)	Employees Per 1,000	Personal Income Population (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
				General Fund	Total (Millions)	General Fund <sup>2</sup>	Total <sup>3</sup> (Millions)	General Fund <sup>2</sup>	Total <sup>3</sup>	General Fund <sup>2</sup>	Total <sup>3</sup>
1950-51 .....	10,643	61,000	5.7	\$19.7	\$672	\$994	\$587	\$1,006	\$55.15	\$94.52	\$2.98
1951-52 .....	11,130	63,860	5.7	22.7	734	1,086	635	1,068	57.05	95.96	2.80
1952-53 .....	11,638	65,720	5.6	25.2	774	1,151	714	1,177	61.35	101.13	2.83
1953-54 .....	12,101	69,928	5.8	27.0	798	1,271	809	1,381	66.85	114.12	3.00
1954-55 .....	12,517	74,099	5.9	27.7	879	1,434	852	1,422	68.07	113.61	3.08
1955-56 .....	13,004	77,676	6.0	30.5	1,005	1,578	923	1,533	70.98	117.89	3.03
1956-57 .....	13,581	88,299	6.5	33.4	1,079	1,834	1,030	1,732	75.84	127.53	3.08
1957-58 .....	14,177	98,015	6.9	35.8	1,111	1,751	1,147	1,939	80.91	136.77	3.20
1958-59 .....	14,741	101,982	6.9	37.5	1,210	1,925	1,246	2,066	84.53	140.15	3.32
1959-60 .....	15,288	108,423	7.1	41.1	1,491	2,198	1,435	2,140	93.86	139.98	3.49
1960-61 .....	15,863	115,737	7.3	43.3	1,598	2,338	1,678	2,525	105.78	159.18	3.88
1961-62 .....	16,412	122,339	7.5	45.7	1,728	2,451	1,697	2,488	103.40	151.60	3.71
1962-63 .....	16,951	128,981	7.6	49.1	1,866	2,668	1,881	2,808	110.97	165.65	3.83
1963-64 .....	17,530	134,721	7.7	52.5	2,137	3,057	2,064	3,182	117.74	181.52	3.93
1964-65 .....	18,026	143,896	8.0	56.8	2,245	3,295	2,345	3,652	130.09	202.60	4.13
1965-66 .....	18,464	151,199	8.2	60.7	2,509	3,581	2,580	4,059	139.73	219.83	4.25
1966-67 .....	18,831	158,404	8.4	65.9	2,895	4,073	3,017	4,659	160.21	247.41	4.58
1967-68 .....	19,175	162,677	8.5	70.7	3,682	4,927	3,273	5,014	170.69	261.49	4.63
1968-69 .....	19,432	171,655	8.8	77.3	4,136	5,450	3,909	5,673	201.16	291.94	5.06
1969-70 .....	19,745	179,583	9.1	84.4	4,330	5,743	4,456	6,302	225.68	319.17	5.28
1970-71 .....	20,039	181,581	9.1	90.3	4,534	5,919	4,854	6,556	242.23	327.16	5.38
1971-72 .....	20,346	181,912	8.9	95.7	5,395	6,897	5,027	6,684	247.08	328.52	5.25
1972-73 .....	20,585	188,460	9.2	104.2	5,780	7,366	5,616	7,422	272.82	360.55	5.39
1973-74 .....	20,868	192,918	9.2	114.7	6,978	8,715	7,299	9,311	349.77	446.19	6.36
1974-75 .....	21,173	203,548	9.6	128.1	8,630	10,405	8,349	10,276	394.32	485.34	6.52
1975-76 .....	21,537	206,361	9.6	141.0	9,639	11,567	9,518	11,452	441.94	531.74	6.75
1976-77 .....	21,935	213,795	9.7	156.9	11,381	13,463	10,467	12,632	477.18	575.88	6.67
1977-78 .....	22,350	221,251	9.9	175.7	13,695	15,962	11,686	14,003	522.86	626.53	6.65
1978-79 .....	22,839	218,530	9.6	202.3	15,219	17,711	16,251	18,745	711.55	820.75	8.03
1979-80 .....	23,255	220,193	9.5	231.4	17,985	20,919	18,534	21,488	796.99	924.02	8.01
1980-81 .....	23,771	225,567	9.5	262.0	19,023	22,104	21,105	24,511	887.85	1,031.13	8.06
1981-82 .....	24,220	228,813	9.5	293.2	20,960	23,601	21,693	25,022	895.66	1,033.11	7.40
1982-83 .....	24,697	228,489	9.3	311.6	21,233	24,291	22,057	26,191	893.10	1,060.49	7.08
1983-84 .....	25,174	226,695	9.0	333.7	23,809	27,626	22,869	26,397	908.44	1,048.58	6.85

<sup>1</sup> Population as of July 1, the beginning of the fiscal year.

<sup>2</sup> Includes Special Accounts in General Fund beginning 1976-77.

<sup>3</sup> Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1957-58.

**Schedule 6**  
**GENERAL FUND**  
**ANALYSIS OF CHANGE IN RESERVES AS OF JUNE 30, 1985**  
**FROM THE PREVIOUS GOVERNOR'S BUDGET**  
**(In Thousands)**

	1984-85 Governor's Budget (previous estimate)	1985-86 Governor's Budget (revised estimate)	Effect of Changes on Reserves
<i>1983-84 Fiscal Year</i>			
<i>(From previous Governor's Budget to the current Governor's Budget)</i>			
Revenues and Transfers:			
Revenues.....	\$22,925,025	\$23,334,983	\$409,958
Transfers.....	442,621	474,510	31,889
Totals, Revenues and Transfers.....	\$23,367,646	\$23,809,493	\$441,847
Expenditures:			
State Operations .....	\$4,729,126	\$4,685,849	\$43,277
Capital Outlay .....	1,106	68	1,038
Local Assistance .....	17,730,930	18,183,309	-452,379
Unclassified .....	180,000	-	180,000
Totals, Expenditures .....	\$22,641,162	\$22,869,226	-\$228,064
Prior year resources available:.....	-\$521,298	-\$449,645	\$71,653
<i>1984-85 Fiscal Year</i>			
<i>(From previous Governor's Budget to the current Governor's Budget)</i>			
Revenues and Transfers:			
Revenues.....	\$25,796,379	\$26,048,449	\$252,070
Transfers.....	29,092	28,413	-679
Totals, Revenues and Transfers.....	\$25,825,471	\$26,076,862	\$251,391
Expenditures:			
State Operations .....	\$5,705,472	\$5,782,750	-\$77,278
Capital Outlay .....	94,650	7,952	86,698
Local Assistance .....	19,151,327	19,791,478	-640,151
Unclassified .....	125,000	-	125,000
Totals, Expenditures .....	\$25,076,449	\$25,582,180	-\$505,731
Total Effect of Changes on Reserves .....			\$31,096
Change in Reserves:			
Reserve for Economic Uncertainties .....	\$950,704	\$969,980	\$19,276
Reserve for unencumbered balances of continuing appropriations .....	3,504	15,324	11,820
Total Reserves .....	\$954,208	\$985,304	\$31,096



## Schedule 7

## GENERAL FUND

(In thousands)

## STATEMENT OF FINANCIAL CONDITION

June 30, 1984

		General Fund Balances	LIABILITIES	General Fund Balances
<b>ASSETS</b>				
Cash in State Treasury and Agency Accounts .....		\$786,119	Accounts payable .....	\$470,866
Receivables .....		88,453	Due to other funds .....	745,575
Due From Other Funds .....		809,719	Due to other governments .....	136,406
Due From Other Governments .....		12,190	Advance collections .....	29,357
Loans and Advances .....		107,841	Deposits .....	116
Prepaid Expenses .....		79,815	Other liabilities .....	11,359
Other Assets .....		164	Total Liabilities .....	\$1,393,679
<b>TOTAL OPERATING ASSETS</b> .....		<u>\$1,884,301</u>		
			<b>FUND BALANCE</b>	
			Designated for Unencumbered Balances of Continuing Appropriations .....	\$62,973
			Contingency Reserve for Economic Uncertainties .....	327,649
			Reserved for Los Angeles County Medical Assistance Grant .....	100,000
			<b>TOTAL FUND BALANCE</b> .....	<u>\$490,622</u>
			<b>TOTAL LIABILITIES AND FUND BALANCE</b> .....	<u>\$1,884,301</u>

## LONG-TERM OBLIGATIONS

Amount to be provided from future revenue and school districts for the retirement of long-term obligations .....	\$4,205,617
General obligation bonds .....	6,902,815
Less: Self-liquidating bonds .....	<u>4,005,470</u>
Net general bonded debt .....	2,897,345
Interest payable in future years .....	1,308,272
Net Total Long-Term Obligations .....	<u>\$4,205,617</u>

# COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1983-84, 1984-85, AND 1985-86

(In thousands of dollars)

Sources	Actual 1983-84		Estimated 1984-85		Estimated 1985-86	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
<b>MAJOR TAXES AND LICENSES</b>						
Alcoholic Beverage Taxes and Fees:						
(a) Excise Tax on Beer and Wine	29,450	-	30,600	-	31,800	-
(b) Excise Tax on Distilled Spirits	107,983	-	106,100	-	108,000	-
Bank and Corporation Tax	3,231,281	-	3,525,000	-	3,950,000	-
Cigarette Tax	184,787	78,444	182,500	78,200	180,000	77,000
Estate Tax	-	-	-	-	-	-
Gift Tax	-	-	-	-	-	-
Horse Racing Revenues	124,802	19,417	120,000	20,426	122,000	20,235
Inheritance Tax	236,452	-	275,000	-	193,000	-
Insurance Companies Tax	457,469	-	635,000	-	675,000	-
Motor Vehicle License Fees ("In-Lieu" Tax)	-	1,013,030	-	1,185,000	-	1,315,000
Motor Vehicle Fuel Tax:						
(a) Gasoline	-	1,087,467	-	1,020,000	-	1,020,000
(b) Diesel and Liquefied Petroleum Gas	-	125,695	-	125,000	-	129,000
Motor Vehicle Registration and Other Fees	-	859,954	-	905,000	-	930,000
Personal Income Tax	9,297,451	-	10,485,000	-	11,165,000	-
Retail Sales and Use Taxes	8,638,833	159,032	9,705,000	125,000	10,510,000	108,000
Trailer Coach Fees ("In-Lieu" Tax)	-	33,868	-	34,500	-	34,000
<b>TOTALS, MAJOR TAXES AND LICENSES</b>	<b>22,308,528</b>	<b>3,376,907</b>	<b>25,064,200</b>	<b>3,493,126</b>	<b>26,934,800</b>	<b>3,633,235</b>
<b>OTHER REVENUES</b>						
Liquor License Fees	29,560	-	30,234	-	31,181	-
Private Railroad Car Tax	576	-	4,250	-	4,000	-
Off-Hwy Motor Vehicle License Fees ("In-Lieu" Tax)	-	662	-	778	-	836
Off-Hwy Motor Vehicle Registration and Other Fees	-	2,353	-	2,690	-	3,050
Personalized License Plates	-	20,653	-	22,089	-	23,091
Architecture Public Building Fees	-	10,895	-	11,514	-	12,155
Corporation Licenses, Permits and Examination Fees	9,963	9,874	11,618	12	12,983	13,001
Co-Bd Charges: Mental Hlth Patients & Clinic Fees	17,944	17,944	18,000	18,000	18,000	18,000
St Hosp Pay Patient Bd Charges & Clinic Fees	25,433	25,433	21,317	21,317	23,538	23,538
Teacher Credential Fees	-	3,262	-	3,983	-	3,944
Receipts From Health Care Deposit Fund	300,563	300,563	335,653	335,653	344,632	344,632
Medicare Receipts From the Federal Government	8,481	9,951	8,100	9,951	8,100	8,100
Department of Food and Agriculture	51	51	51	51	51	44,520
Department of Consumer Affairs	88,051	88,051	106,694	106,694	112,614	113,116
Electrical Energy Surcharge	32,131	32,131	32,668	32,668	33,437	33,437
Telephone Users Surcharge	25,356	25,356	30,000	30,000	32,000	32,000
Universal Telephone Service Tax	-	-	-	-	-	-
Department of Real Estate	19,522	19,522	68,596	68,596	36,356	36,356
Department of Fish and Game	46,049	46,049	19,101	19,101	18,967	18,967
Department of Insurance	211	18,211	200	20,761	200	52,928
Interest on Investments:						
(a) Pooled Money Investments	255,132	255,132	430,000	468,454	395,000	416,826
(b) Surplus Money Investments	1,904	107,738	1,900	128,722	1,800	115,161
(c) Condemnation Deposit Investments	2	851	2	810	2	808
(d) Other Interest Income	5,204	10,928	5,415	7,937	5,415	7,472
<b>Oil and Gas Revenues:</b>						
(a) Collected By State Lands Commission	284,202	395,726	22,005	468,454	19,784	416,826
(b) Federal Lands	-	31,633	-	31,633	-	31,633
(c) Other	2,315	2,315	2,306	2,306	2,306	2,306
Penalties & Interest on Unemployment Contributions	-	28,486	-	22,000	-	24,000
Penalties on Traffic Violations & Crim Convictions	-	98,304	-	118,479	-	130,376
Secretary of State - Fees and Misc	13,135	284	19,381	275	14,422	14,697
Public Utilities Commission	4,160	35,290	3,900	49,618	3,900	52,112
Proceeds Under Unclaimed Property Tax	19,858	19,858	20,663	17,010	21,489	56,012
Sales of State Property	5,694	16,193	2,269	19,279	3,105	17,955
State Beach and Park Service Fees	-	30,341	-	31,740	-	31,640
California Exposition and State Fair	8,563	8,572	7,983	6	7,983	6
Not Otherwise Classified	33,604	179,632	36,742	158,469	46,372	165,349
<b>TOTALS, OTHER REVENUES</b>	<b>1,026,455</b>	<b>905,528</b>	<b>984,249</b>	<b>1,449,450</b>	<b>964,775</b>	<b>1,384,984</b>
<b>TOTALS, REVENUES</b>	<b>23,334,983</b>	<b>4,282,435</b>	<b>26,048,449</b>	<b>4,942,576</b>	<b>27,899,575</b>	<b>5,018,219</b>

## Schedule 8

**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued**  
(In thousands of dollars)

Sources	Actual 1983-84		Estimated 1984-85		Estimated 1985-86	
	General Fund	Special funds	General Fund	Special funds	General Fund	Special funds
<b>TRANSFERS</b>						
Agricultural & Forestry Residue Util Ac .....	511	-511	-	-	-	-
Agriculture Building Fund .....	-	115	-	115	-	115
Architecture Revolving Fund .....	-	-	-	17	-	-
Asbestos Worker's Account .....	-	-	-	1	-	-
Athletic Commission Fund .....	22	-22	-	-600	600	-600
Attorney General Antitrust Account .....	-	-	-	-	-	-
Capital Outlay Fd for Public Higher Educ .....	28,000	-28,000	-	93	-	-
Central Valley Water Project Const Fund .....	-	-	-	11	-	-
Central Valley Water Project Revenue Fd .....	-	-	-	153	-	-
Clean Water Fund, State .....	-	-	-	2	-	-
Coastal Conservancy Fund, State .....	-	-	-	6	-	-
Consolidated Toll Bridge Funds .....	-	-	-	4	-	-
Consumer Affairs Fund .....	-	88	-	7	-	-
Deferred Compensation Plan Fund .....	-	-	-	1	-	-
Donated Food Revolving Fund .....	-	-	-	-13,764	18,761	-18,761
Driver Training Penalty Assessment Fund .....	25,795	-25,795	-	-	-	-
Employment Training Fund .....	-	-	-	4	-	-
Energy and Resources Fund .....	1,859	-1,859	-	-	-	-
<b>TRANSFERS</b>						
Energy Resources Programs Account .....	69	-69	4,635	-4,635	-	-
Forest Resources Improvement Fund .....	1,248	2	1,397	1	1,467	1,467
Genetic Disease Testing Fund .....	532	-532	-	3	-	-
Guaranteed Loan Reserve Fund, State .....	-	2	-	2	-	-
Harbors and Watercraft Revolving Fund .....	-	-	-	86	-	-
Health & Welfare Agency Data Cent Rev Fd .....	-	-	-	-	157	-157
Health Facilities Commission Fund, Calif .....	652	-	652	-	652	652
Industrial Relations Unpaid Wage Fund .....	-	-	-	1	-	-
Inmates Welfare Fund .....	-	-	-	1	-	-
Legislators Retirement Fund .....	-	-	-	1	-	-
Mobilehome Manufactured Home Revolv Fd .....	-	3	-	1	-	-
Motor Vehicle License Fee Account Trf .....	392,665	-392,665	-	-	-	-
Parkland Fund of 1980 .....	-	-	-	42	-	-
Public Employees Contingency Res Fd, State .....	-	-	-	21	-	-
Public Employees Retirement Fund .....	-	-	-	211	-	-
Rental Housing Construction Fund .....	-	-	-	1	-	-
Revenue Sharing Fund, Federal .....	-	-	6,441	-	-	-
Safe Drinking Water Fund, California .....	-	-	-	10	-	-
School Building Aid Fund, State .....	-	-	-	3	-	-
School Employees Fund .....	-	-	-	2	-	-
Service Revolving Fund .....	5,349	64	-	374	-	-
Solid Waste Management Fund .....	1,294	-1,294	-	-	-	-
Special Deposit Fund .....	1,214	-	924	-	942	942
Stephen P. Teale Data Center Rev Fd .....	-	-	-	1,355	-	-
Teachers Retirement Fund .....	-	-	-	1	-	-
Timber Tax Fund .....	-	-	-	12	-	-
Transportation Planning & Develop Acct .....	15,300	-15,300	-	4	-	-
Trust Fund, Federal .....	-	-	-	562	-	-
Unemployment Compensation Disability Fd .....	-	-	-	46	-	-
Uninsured Employer's Account .....	-	-	-	1	-	-
Univ & College Cont Educ Revenue Fd, State .....	-	-	-	1	-	-
Urban & Colleges Dormitory Revenue Fd, Ca .....	-	4	-	1	-	-
Urban and Coastal Park Fund State .....	-	-	-	1	-	-
Various Other Unallocated NCC Funds .....	-	-	-	36	-	-
Veterans Farm & Home Building Fund 1943 .....	-	-	-	1	-	-
Volunteer Firefighter Length Serv Award Fd .....	-	-	-	7	-	-
Water Quality Control Fund, State .....	-	-	-	37	-	-
Water Resources Development Bond Fund .....	-	7	-	-	-	-
Water Resources Revolving Fund .....	-	-	-	-	-	-
<b>TOTALS, TRANSFERS</b> .....	<u>474,510</u>	<u>-465,762</u>	<u>28,413</u>	<u>-16,684</u>	<u>22,579</u>	<u>-19,403</u>
<b>TOTALS, REVENUES AND TRANSFERS</b> .....	<u>23,809,493</u>	<u>3,816,673</u>	<u>26,076,862</u>	<u>4,955,892</u>	<u>27,922,154</u>	<u>4,998,816</u>
				<u>31,002,754</u>		<u>32,920,970</u>



**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FISCAL YEARS 1983-84, 1984-85, AND 1985-86**

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86				
	General Fund	Special funds	Budget Total	Federal Funds	Selected Bond funds	Total	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
<b>STATE OPERATIONS</b>											
<b>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>											
<b>Legislative .....</b>											
Senate .....	31,904	2,204	34,108	-	-	44,522	59,326	-	59,326	-	-
Assembly .....	49,684	-3,656	46,028	-	-	7,931	76,456	-	76,456	-	-
Joint Expenses .....	23,594	-751	22,843	-	-	4,428	-	-	-	-	-
Contributions to Legislator Retire Fund .....	644	-	644	-	-	796	882	-	882	-	-
Office of the Auditor General .....	-	-	-	-	-	3,709	8,154	-	8,154	-	-
Legislative Council Bureau .....	16,179	-	16,179	-	-	1,568	-	-	-	-	-
Totals, Legislative .....	122,005	-2,203	119,802	-	-	20,821	144,818	-	144,818	-	-
Judicial .....	43,734	52	43,786	-	-	60	68,859	60	68,919	-	-
Contributions to Judges Retirement Fund .....	1,298	-	1,298	-	-	1,515	1,784	-	1,784	-	-
National Center for State Courts .....	14	-	14	-	-	50	50	-	50	-	-
Totals, Judicial .....	45,046	52	45,098	-	-	60	70,693	60	70,753	-	-
<b>Executive/Governor .....</b>											
Governor's Office .....	4,732	-	4,732	-	-	-	5,170	-	5,170	-	-
Secretary for State & Consumer Services .....	563	-	563	-	-	-	660	-	660	-	-
Sec for Business, Transportation,&Housing .....	285	461	746	-	-	554	335	608	943	-	-
Secretary for Health and Welfare .....	5,593	-	5,593	-	-	4,932	1,356	-	1,356	-	-
Secretary for Resources .....	1,028	-	1,028	-	-	380	1,159	170	1,329	-	-
Secretary for Youth & Adult Correctional .....	614	-	614	-	-	698	814	-	814	-	-
Office of California/Mexico Affairs .....	168	-	168	21	-	240	240	-	240	-	-
California State World Trade Commission .....	496	-	496	-	-	2,738	933	-	933	-	-
Office Special Health Care Negotiations .....	-21	-	-21	-	-	-	-	-	-	-	-
Office of Planning and Research .....	2,692	13	2,705	-	1,875	3,499	3,503	-	3,503	-	500
Office of Economic Opportunity .....	52	-	52	-	7,055	80	80	-	80	-	8,606
Office of Emergency Services .....	4,453	284	4,737	-	3,834	7,635	8,222	300	8,522	-	4,009
Totals, Executive/Governor .....	20,585	758	21,343	-	12,785	27,147	22,472	1,078	23,550	-	13,115
<b>Executive/Constitutional Offices .....</b>											
Office of the Lieutenant Governor .....	1,029	-	1,029	-	-	1,302	1,326	-	1,326	-	-
Department of Justice .....	88,093	17,003	105,096	-	5,079	20,123	116,471	21,571	138,042	-	6,500
State Controller .....	41,660	2,141	43,801	-	619	2,516	46,708	2,625	49,659	-	1,121
State Board of Equalization .....	68,377	4,875	73,252	-	-	5,596	83,177	5,735	88,912	-	-
Secretary of State .....	11,402	-	11,402	-	-	-	15,636	-	15,636	-	-
State Treasurer .....	2,417	-	2,417	-	-	4,205	4,216	-	4,216	-	-
California Debt Advisory Commission .....	-	475	-	-	-	690	-	766	766	-	-
California Debt Limit Allocation Commit .....	-	-	-	-	-	79	121	-	121	-	-
Calif Industrial Dev Financing Adv Comm .....	-	333	333	-	-	286	-	305	305	-	-
Mortgage Bond Allocation Committee .....	-	2	2	-	-	15	-	15	15	-	-
Totals, Executive/Constitutional Offices .....	212,978	24,829	237,807	-	5,698	29,226	267,981	31,017	298,998	-	7,621
<b>TOTALS, LEGISLATIVE, JUDICIAL, AND EX-</b>											
<b>ECUTIVE .....</b>	400,614	23,436	424,050	-	18,483	51,341	505,964	32,155	538,119	-	20,736

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued**  
(In thousands of dollars)

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
STATE AND CONSUMER SERVICES	4,525	-	4,525	-	7,288	-	-	7,543	-
Museum of Science and Industry .....	-	-	-	-	-	-	-	-	-
Department of Consumer Affairs .....	-	-	-	-	-	-	-	-	-
Board of Accountancy .....	-	2,011	2,011	-	2,348	2,348	-	2,401	2,401
Board of Architectural Examiners .....	-	1,189	1,189	-	1,436	1,436	-	1,587	1,587
Athletic Commission .....	16	412	428	544	-	544	531	-	531
Bureau of Automotive Repair .....	-	14,542	14,542	-	31,326	31,326	-	32,003	32,003
Board of Barber Examiners .....	-	593	593	-	731	731	-	687	687
Board of Behavioral Science Examiners .....	-	589	589	-	778	778	-	760	760
Cemetery Board .....	-	209	209	-	257	257	-	277	277
Total Bureau of Collection & Invest Serv ..	-	2,277	2,277	-	3,281	3,281	-	3,166	3,166
Contractors State License Board .....	-	15,210	15,210	-	16,810	16,810	-	17,369	17,369
Board of Cosmetology .....	-	2,222	2,222	-	2,721	2,721	-	2,649	2,649
Board of Dental Examiners .....	-	1,904	1,904	-	2,610	2,610	-	2,734	2,734
Bureau of Electronic & Appliance Repair ..	-	935	935	-	1,074	1,074	-	1,057	1,057
Bureau of Employment Agencies .....	-	448	448	-	575	575	-	607	607
Nurses Registry .....	-	12	12	-	8	8	-	-	-
Board of Fabric Care .....	-	738	738	-	885	885	-	905	905
Board of Funeral Directors and Embalmers ..	-	360	360	-	515	515	-	509	509
Bd of Reg for Ceologists & Ceophysicists ..	-	142	142	-	175	175	-	186	186
Board of Guide Dogs for the Blind .....	18	-	18	25	-	25	26	-	26
Bureau of Home Furnishings .....	-	1,297	1,297	-	1,714	1,714	-	1,831	1,831
Board of Landscape Architects .....	-	217	217	-	258	258	-	253	253
Total Medical Quality Assurance .....	-	12,392	12,392	-	15,570	15,570	-	16,165	16,165
Board of Examiners of Nursing Home Admin ..	-	199	199	-	269	269	-	281	281
Board of Optometry .....	-	276	276	-	307	307	-	334	334
Board of Pharmacy .....	-	1,844	1,844	-	2,434	2,434	-	2,435	2,435
Polygraph Examiners Board .....	-	-	-	50	-	50	-	140	90
Board of Reg for Professional Engineers ..	-	2,091	2,091	-	2,455	2,455	-	2,611	2,611
Board of Registered Nursing .....	-	3,628	3,628	-	4,309	4,309	-	4,483	4,483
Certified Shorthand Reporters Board .....	-	433	433	-	490	490	-	562	562
Structural Pest Control Board .....	-	1,614	1,614	-	1,920	1,920	-	1,952	1,952
Tax Preparers Program .....	-	210	210	-	292	292	-	339	339
Total Veterinary Medicine .....	-	527	527	-	608	608	-	663	663
Bd of Voc Nurse & Psych .....	-	1,847	1,847	-	2,481	2,481	-	2,542	2,542
Tech Examiners .....	-	-	-	-	1,114	1,114	-	1,170	1,170
Division of Consumer Services .....	-	1,053	1,053	-	92	92	-	-	92
Consumer Advisory Council .....	78	-	78	92	-	-	-	-	-
Totals, Department of Consumer Affairs .....	1,165	70,368	71,533	1,825	98,681	100,506	1,769	101,508	103,277
Dept of Fair Employment and Housing .....	8,446	-	8,446	1,832	-	-	2,079	-	2,066
Fair Employment and Housing Commission ..	-	-	-	-	684	684	-	734	-
Office of the State Fire Marshal .....	3,887	367	4,254	3,965	1,632	5,597	3,989	1,713	5,712
Franchise Tax Board .....	92,404	32	92,436	6	13	110,488	117,739	17	117,756
Dept of General Services .....	4,445	15,549	19,994	8,406	16,586	24,992	100	7,533	25,530
State Personnel Board .....	21,660	-	21,660	20,779	-	20,779	19,649	-	19,649
Public Employees' Retirement System .....	187	-	187	61	-	61	61	-	61
Department of Veterans Affairs .....	-	-	-	-	-	-	-	-	-
General Activities .....	1,727	-	1,727	2,313	-	2,313	2,323	-	2,323
Veterans' Home of California .....	17,737	-	17,737	18,970	-	18,970	20,063	-	20,063
Totals, Department of Veterans Affairs ..	19,464	-	19,464	21,293	-	21,293	22,386	-	22,386
TOTALS, STATE AND CONSUMER SERVICES	156,274	86,316	242,590	184,155	116,912	301,067	190,717	121,335	312,052
BUSINESS, TRANSPORTATION, AND HOUSING									
Business									
Solar Cal Council .....	-	17	17	-	-	-	-	-	-
Solar Energy Conservy Mortgage Corp .....	-	-55	-55	-	-	-	-	-	-
Dept of Alcoholic Beverage Control .....	13,499	-	13,499	15,922	-	15,922	16,373	-	16,373
Alcoholic Beverage Control Appeals Bd .....	-217	401	184	-71	357	286	-	386	386
State Banking Department .....	-	7,012	7,012	-	8,316	8,316	-	8,646	8,646
Dept of Corporations .....	6,896	-	6,896	8,111	-	8,111	8,203	-	8,203
Department of Commerce .....	159	6,605	6,764	15,595	41	16,256	16,256	-	16,256
Dept of Housing & Community Development	5,289	3,395	8,684	5,666	3,392	9,598	5,310	3,776	9,086



# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

## FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Dept of Insurance .....	-	17,199	17,199	-	-	-	-	-	-
Dept of Real Estate .....	-	15,901	15,901	-	-	-	-	-	-
Dept of Savings and Loan .....	-	3,473	3,473	-	-	-	-	-	-
Totals, Business .....	32,062	47,592	79,654	1,198	45,223	56,008	46,142	59,768	105,910
Transportation									
California Transportation Commission .....	-	809	809	-	-	-	-	-	-
Dept of Transportation .....	-	686,955	686,955	-	-	-	-	-	-
Office of Traffic Safety .....	-	311	311	-	-	-	-	-	-
Dept of the California Highway Patrol .....	-	345,753	345,753	-	-	-	-	-	-
Department of Motor Vehicles .....	38	216,318	216,356	54	67	254,710	68	277,746	277,814
Traffic Adjudication Board .....	-	1,837	1,837	-	-	-	-	-	-
Totals, Transportation .....	38	1,251,983	1,252,021	583	1,414,748	1,415,331	68	1,481,895	1,481,963
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING .....	3	1,299,485	1,331,585	45,806	1,470,756	1,516,562	46,210	1,541,663	1,587,873
RESOURCES									
Special Resources Program .....	450	397	847	-	-	-	500	-	500
California Tahoe Conservancy .....	-	-	-	-	-	-	-	-	-
St Assist Rd Energy Ca Bus Industry Dev .....	-	1,133	1,133	-	-	-	-	-	-
California Conservation Corps .....	15,852	12,652	28,504	-	-	-	-	-	-
Energy Resources Conservation & Dev Com .....	-	-	-	-	-	-	-	-	-
Renewable Resources Investment Program .....	-	12,275	12,275	-	-	-	-	-	-
California Waste Management Board .....	3,324	2,680	6,004	-	-	-	-	-	-
Air Resources Board .....	3,755	419	4,174	-	-	-	-	-	-
Colorado River Board of California .....	181	38,953	42,708	-	-	-	-	-	-
Department of Conservation .....	9,864	8	9,872	-	-	-	-	-	-
Dept of Forestry .....	137,701	3,624	141,325	-	-	-	-	-	-
State Lands Commission .....	7,858	4,523	12,381	-	-	-	-	-	-
Seismic Safety Commission .....	767	7,558	8,325	-	-	-	-	-	-
Dept of Fish and Game .....	3,400	257	3,657	-	-	-	-	-	-
Wildlife Conservation Board .....	216	51,487	52,693	-	-	-	-	-	-
Dept of Boating & Waterways .....	5,169	448	5,617	-	-	-	-	-	-
California Coastal Commission .....	-	216	216	-	-	-	-	-	-
State Coastal Conservancy .....	-	5,449	5,449	-	-	-	-	-	-
Dept of Parks and Recreation .....	53,991	-	-	-	-	-	-	-	-
Santa Monica Mountains Conservancy .....	300	36,046	36,346	-	-	-	-	-	-
San Francisco Bay Conserv & Develop Com .....	965	-	-	-	-	-	-	-	-
Department of Water Resources .....	19,820	4,143	23,963	-	-	-	-	-	-
State Water Resources Control Board .....	13,810	209	14,019	-	-	-	-	-	-
TOTALS, RESOURCES .....	277,424	169,534	446,958	49,011	355,140	444,152	37,434	212,000	586,374
HEALTH AND WELFARE									
State Council Developmental Disabilities .....	-	-	-	-	-	-	-	-	-
Emergency Medical Services Authority .....	429	-	-	-	-	-	-	-	-
Office Statewide Health Planning - Develop .....	839	6,201	7,040	-	-	-	-	-	-
Department of Aging .....	1,737	-	-	-	-	-	-	-	-
Commission on Aging .....	197	-	-	-	-	-	-	-	-
Dept of Alcohol and Drug Programs .....	-	-	-	-	-	-	-	-	-
Child Development Prgms .....	-	5,895	5,895	-	-	-	-	-	-
Advisory Comm .....	125	-	-	-	-	-	-	-	-
Dept of Health Services .....	88,503	23,068	111,571	-	-	-	-	-	-
California Medical Assistance Commission .....	576	-	-	-	-	-	-	-	-
Dept of Developmental Services .....	16,247	146	16,393	-	-	-	-	-	-
Dept of Mental Health .....	105,729	-	-	-	-	-	-	-	-
Employment Development Dept .....	36,306	28,577	64,883	-	-	-	-	-	-
Dept of Rehabilitation .....	16,330	-	-	-	-	-	-	-	-
Dept of Social Services .....	47,615	3,522	51,137	-	-	-	-	-	-
California Health Facilities Commission .....	-	-	-	-	-	-	-	-	-
TOTALS, HEALTH AND WELFARE .....	320,528	61,514	382,042	3,059,705	367,229	4,426,934	376,317	876,772	4,603,712
FEDERAL FUNDS									
Dept of Insurance .....	-	-	-	-	-	-	-	-	-
Dept of Real Estate .....	-	-	-	-	-	-	-	-	-
Dept of Savings and Loan .....	-	-	-	-	-	-	-	-	-
Totals, Business .....	-	-	-	-	-	-	-	-	-
Transportation									
California Transportation Commission .....	-	-	-	-	-	-	-	-	-
Dept of Transportation .....	-	-	-	-	-	-	-	-	-
Office of Traffic Safety .....	-	-	-	-	-	-	-	-	-
Dept of the California Highway Patrol .....	-	-	-	-	-	-	-	-	-
Department of Motor Vehicles .....	-	-	-	-	-	-	-	-	-
Traffic Adjudication Board .....	-	-	-	-	-	-	-	-	-
Totals, Transportation .....	-	-	-	-	-	-	-	-	-
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING .....	-	-	-	-	-	-	-	-	-
RESOURCES									
Special Resources Program .....	-	-	-	-	-	-	-	-	-
California Tahoe Conservancy .....	-	-	-	-	-	-	-	-	-
St Assist Rd Energy Ca Bus Industry Dev .....	-	-	-	-	-	-	-	-	-
California Conservation Corps .....	-	-	-	-	-	-	-	-	-
Energy Resources Conservation & Dev Com .....	-	-	-	-	-	-	-	-	-
Renewable Resources Investment Program .....	-	-	-	-	-	-	-	-	-
California Waste Management Board .....	-	-	-	-	-	-	-	-	-
Air Resources Board .....	-	-	-	-	-	-	-	-	-
Colorado River Board of California .....	-	-	-	-	-	-	-	-	-
Department of Conservation .....	-	-	-	-	-	-	-	-	-
Dept of Forestry .....	-	-	-	-	-	-	-	-	-
State Lands Commission .....	-	-	-	-	-	-	-	-	-
Seismic Safety Commission .....	-	-	-	-	-	-	-	-	-
Dept of Fish and Game .....	-	-	-	-	-	-	-	-	-
Wildlife Conservation Board .....	-	-	-	-	-	-	-	-	-
Dept of Boating & Waterways .....	-	-	-	-	-	-	-	-	-
California Coastal Commission .....	-	-	-	-	-	-	-	-	-
State Coastal Conservancy .....	-	-	-	-	-	-	-	-	-
Dept of Parks and Recreation .....	-	-	-	-	-	-	-	-	-
Santa Monica Mountains Conservancy .....	-	-	-	-	-	-	-	-	-
San Francisco Bay Conserv & Develop Com .....	-	-	-	-	-	-	-	-	-
Department of Water Resources .....	-	-	-	-	-	-	-	-	-
State Water Resources Control Board .....	-	-	-	-	-	-	-	-	-
TOTALS, RESOURCES .....	-	-	-	-	-	-	-	-	-
HEALTH AND WELFARE									
State Council Developmental Disabilities .....	-	-	-	-	-	-	-	-	-
Emergency Medical Services Authority .....	-	-	-	-	-	-	-	-	-
Office Statewide Health Planning - Develop .....	-	-	-	-	-	-	-	-	-
Department of Aging .....	-	-	-	-	-	-	-	-	-
Commission on Aging .....	-	-	-	-	-	-	-	-	-
Dept of Alcohol and Drug Programs .....	-	-	-	-	-	-	-	-	-
Child Development Prgms .....	-	-	-	-	-	-	-	-	-
Advisory Comm .....	-	-	-	-	-	-	-	-	-
Dept of Health Services .....	-	-	-	-	-	-	-	-	-
California Medical Assistance Commission .....	-	-	-	-	-	-	-	-	-
Dept of Developmental Services .....	-	-	-	-	-	-	-	-	-
Dept of Mental Health .....	-	-	-	-	-	-	-	-	-
Employment Development Dept .....	-	-	-	-	-	-	-	-	-
Dept of Rehabilitation .....	-	-	-	-	-	-	-	-	-
Dept of Social Services .....	-	-	-	-	-	-	-	-	-
California Health Facilities Commission .....	-	-	-	-	-	-	-	-	-
TOTALS, HEALTH AND WELFARE .....	-	-	-	-	-	-	-	-	-



## Schedule 9

# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

	Actual 1983-84				Estimated 1984-85				Estimated 1985-86			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
<b>YOUTH AND ADULT CORRECTIONAL AGENCY</b>												
Dept of Corrections .....	580,339	-	580,339	-	80	763,343	-	763,343	-	199	879,310	-
Board of Corrections .....	255	872	1,127	-	-	388	1,276	1,664	718	-	390	1,276
Board of Prison Terms .....	6,051	-	6,051	-	-	6,751	-	6,751	-	-	6,737	-
Youthful Offender Parole Board .....	2,376	-	2,376	-	-	2,536	-	2,536	-	-	2,542	-
Dept of Youth Authority .....	177,657	-	177,657	-	825	202,661	-	202,661	-	1,105	205,053	-
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	766,678	872	767,550	-	905	975,679	1,276	976,955	718	1,304	1,094,032	1,276
<b>EDUCATION</b>												
K Thru 12 Education												
Department of Education .....	64,606	1,613	66,219	-	32,508	73,278	2,011	75,289	-	38,582	75,235	2,162
Cal Adv Council on Voc Ed & Tech Train .....	23	-	23	-	184	27	-	27	-	251	56	-
Calif Occupational Info Coord Committee .....	-	5,591	5,591	-	129	-	5,843	5,843	-	104	-	6,281
Commission on Teacher Credentialing .....	-	7,204	71,833	-	32,821	73,305	7,854	81,159	-	38,937	75,291	8,443
<b>TOTALS, K Thru 12 Education</b>	64,629	2,468	2,468	-	31	3,037	-	3,037	-	45	2,760	-
Higher Education												
Cal Postsecondary Education Commission .....	-	-	-	-	-	150	-	150	-	-	350	-
Comm for Review of Master Plan for High .....	1,110,012	14,580	1,124,592	-	1,975,797	1,457,147	1,040	1,458,187	-	2,149,254	1,627,908	13,685
University of California .....	6,658	-	6,658	-	729	8,946	-	8,946	-	501	11,247	-
Hastings College of Law .....	949,984	6,067	956,051	-	104,295	1,151,552	1,164	1,152,716	-	97,501	1,253,814	13,716
Calif State University & Colleges .....	3,532	177	3,709	-	783	5,027	-	5,027	-	649	5,359	-
California Maritime Academy .....	3,816	459	4,275	-	-	6,072	557	6,629	-	77,240	6,089	544
Bd of Governors of Calif Comm Colleges .....	4,638	-	4,638	-	93,081	5,728	-	5,728	-	-	5,498	-
Student Aid Commission .....	2,081,108	21,283	2,102,391	-	2,174,716	2,637,659	2,761	2,640,420	-	2,325,190	2,913,025	27,955
<b>TOTALS, Higher Education</b>	2,145,737	28,487	2,174,224	-	2,207,537	2,710,964	10,615	2,721,579	-	2,364,127	2,968,316	36,398
<b>TOTALS, EDUCATION</b>	2,811,367	30,100	2,841,464	-	2,239,344	3,421,643	21,676	3,443,158	-	2,709,252	4,062,352	47,053
<b>OTHER GOVERNMENTAL UNITS</b>												
Civil and Criminal Justice												
Office of Criminal Justice Planning .....	1,970	420	2,390	-	1,832	3,216	1,013	4,229	-	1,874	3,264	1,006
Comm on Peace Officer Standards & Train .....	-	4,009	4,009	-	-	6,284	6,284	6,284	-	-	8,177	8,177
State Public Defender .....	5,357	-	5,357	-	-	5,334	-	5,334	-	-	5,419	-
Admin & Payment of Tort Liability Claim .....	1,258	265	1,523	-	-	600	-	600	-	-	600	-
<b>TOTALS, Civil and Criminal Justice</b>	8,585	4,694	13,279	-	1,832	9,150	7,297	16,447	-	1,874	9,283	9,183
Commerce												
Commission for Economic Development .....	380	-	380	-	-	513	-	513	-	-	522	-
Motion Picture Council .....	-	-	-	-	-	60	-	60	-	-	-	-
<b>TOTALS, Commerce</b>	380	-	380	-	-	573	-	573	-	-	522	-
Cultural Development												
California Arts Council .....	2,039	-	2,039	-	39	2,352	-	2,352	-	39	2,340	-
Native American Heritage Commission .....	140	-	140	-	-	233	-	233	-	-	264	-
Calif Public Broadcasting Commission .....	217	-	217	-	-	-	-	-	-	-	-	-
<b>TOTALS, Cultural Development</b>	2,396	-	2,396	-	39	2,585	-	2,585	-	39	2,604	-
Labor												
Agricultural Labor Relations Board .....	7,370	-	7,370	-	-	8,127	-	8,127	-	-	8,095	-
Public Employment Relations Board .....	4,672	-	4,672	-	-	5,481	-	5,481	-	-	5,521	-
Dept of Industrial Relations .....	78,561	3,334	81,895	-	15,094	88,876	7,114	95,990	-	18,435	91,698	7,015
Department of Personnel Administration .....	2,206	-	2,206	-	-	5,636	-	5,636	-	-	5,015	-
Subsequent Injuries .....	4,071	1,018	5,089	-	-	4,135	2,081	6,216	-	-	4,135	2,000
<b>TOTALS, Labor</b>	96,880	4,352	101,232	-	15,094	112,257	9,498	121,755	-	18,435	114,374	9,015
Regulatory												
Board of Chiropractic Examiners .....	-	601	601	-	-	-	702	702	-	-	-	773
Board of Osteopathic Examiners .....	-	308	308	-	-	-	369	369	-	-	-	404
Board of Pilot Commissioners .....	-	74	74	-	-	-	84	84	-	-	-	88
California Auctioneer Commission .....	-	116	116	-	-	-	149	149	-	-	-	166
California Horse Racing Board .....	-	1,305	1,305	-	-	-	1,680	1,680	-	-	-	1,711
California Exposition and Fairs .....	10,194	265	10,459	-	-	9,123	-	9,123	-	-	7,993	-
Dept of Food and Agriculture .....	42,344	41,693	84,037	-	2,041	52,620	49,121	101,741	-	2,822	51,329	50,623
Fair Political Practices Commission .....	1,959	-	1,959	-	-	2,871	-	2,871	-	-	3,128	-
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	101,959	48,225	150,184	-	2,041	164,876	51,721	166,616	-	2,822	167,402	51,141
<b>TOTALS</b>	3,913,367	82,125	3,995,492	-	2,261,438	5,186,619	77,191	5,263,815	-	2,731,679	6,230,764	88,194

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

[illegible]

## LOCAL ASSISTANCE

LEGISLATIVE, JUDICIAL, AND EXECUTIVE												
Judicial												
Judiciary	124		124		243		243					243
Contributions to Judges Retirement Fund	14,218		14,218		17,317		17,317					21,137
Salaries of Superior Court Judges	38,116		38,116		43,057		43,057					44,056
St Block Grant for Sup Court Judgeships	9,480		9,480		11,280		11,280					11,280
Totals, Judicial	61,938		61,938		71,897		71,897					76,716
Executive/Governor												
Office of Planning and Research									125			
Office of Economic Opportunity									142,647			
Office of Emergency Services	5,000	1,062	6,062		11,635	8,536	20,171		38,013	8,051		15,735
Totals, Executive/Governor	5,000	1,062	6,062		11,635	8,536	20,171		180,785	7,684	8,051	15,735
												154,887
												116,449
												125



## Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Executive/Constitutional Offices									
California Health Facilities Authority	-	-	-	-	-	-	-	-	-
Totals, Executive/Constitutional Offices	-	-	-	-	-	-	-	-	-
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE	66,938	1,062	68,000	233,118	83,532	18,536	180,785	8,051	92,451
STATE AND CONSUMER SERVICES									
Dept of General Services	-	22,236	22,236	-	-	35,853	-	-	35,853
Department of Veterans Affairs	420	-	420	-	-	1,000	-	-	1,000
General Activities	420	-	420	-	-	1,000	-	-	1,000
Totals, Department of Veterans Affairs	420	-	420	-	-	1,000	-	-	1,000
TOTALS, STATE AND CONSUMER SERVICES	420	22,236	22,656	-	1,000	36,853	-	36,032	37,032
BUSINESS, TRANSPORTATION, AND HOUSING									
Business									
Department of Commerce	6,900	-	6,900	100	-	-	2,900	-	-
Dept of Housing & Community Development	6,900	-	6,900	37,766	13,200	-	40,027	6,900	40,027
Totals, Business	6,900	-	6,900	37,866	13,200	-	42,927	6,900	40,027
Transportation									
Special Transportation Programs	-	88,000	88,000	-	-	75,000	-	64,800	-
Dept of Transportation:									
Transportation Planning Program	-	2,032	2,032	7,771	-	2,032	7,000	-	2,032
Mass Transportation Program	-	100,866	100,866	8,950	-	106,988	8,684	-	97,300
Aeronautics Program	-	4,452	4,452	540	-	4,500	540	-	3,540
Highway Transportation Program	-	25,286	25,286	184,810	-	23,458	252,900	-	31,400
Totals, Dept of Transportation	-	132,646	132,646	201,531	540	142,980	268,584	134,272	134,812
Office of Traffic Safety	-	-	-	5,497	-	-	6,226	-	-
Totals, Transportation	-	220,646	220,646	207,028	540	217,980	274,810	199,072	199,612
TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING	6,900	220,646	227,546	244,894	13,740	217,980	317,737	199,072	206,512
RESOURCES									
Special Resources Program	81	300	381	-	361	67	-	674	674
California Tahoe Conservancy & Dev	-	-	-	-	-	428	-	377	377
Energy Resources Conservation & Dev	-	-	-	-	-	-	-	-	-
Com	-	1,548	1,548	-	167	5,249	-	2,200	2,367
Air Resources Board	-	6,609	6,609	-	-	6,741	-	7,011	7,011
Dept of Boating & Waterways	-	2,259	2,259	327	2,885	275	687	1,600	2,200
California Coastal Commission	180	-	180	-	280	-	139	280	-
State Coastal Conservancy	-	-	-	-	-	-	-	905	905
Dept of Parks and Recreation	-	8,090	8,090	-	-	13,924	-	300	300
Department of Water Resources	6,489	1,384	7,883	15,015	20,140	20,140	19,900	-	22,923
State Water Resources Control Board	-	-	-	77	5,500	5,500	1,242	-	80,000
TOTALS, RESOURCES	6,760	20,190	26,950	15,419	29,333	55,569	2,038	11,393	178,923
HEALTH AND WELFARE									
Emergency Medical Services Authority	448	-	448	3,153	698	-	1,914	698	698
Office Statewide Health Planning - Develop	7,023	-	7,023	69,696	3,862	-	74,339	19,156	2,880
Department of Aging	-	-	-	-	16,177	-	-	-	19,156
Dept of Alcohol and Drug Programs:									
Alcohol Program	32,345	-	32,345	9,716	35,820	-	10,519	37,165	37,165
Drug Program	29,702	-	29,702	18,591	33,105	-	18,684	34,357	34,357
Totals, Dept of Alcohol & Drug Programs	62,047	-	62,047	28,307	68,925	-	29,143	71,522	71,522
Dept of Health Services:									
Medical Assistance Program	1,950,382	-	1,950,382	1,974,809	1,978,134	-	2,235,050	2,048,905	2,156,772
Public Health Services for Local Agencies	903,795	-	903,795	12,530	943,151	-	17,420	950,116	27,410
California Children Services	37,613	-	37,613	6,445	44,713	-	4,704	49,054	49,054
Special Adjustment—Cost-of-Living:									
Medi-Cal	-	-	-	-	-	-	-	56,012	56,012
TOTALS, HEALTH AND WELFARE	2,081,790	-	2,081,790	2,094,184	2,981,404	-	2,257,174	2,114,637	2,340,964



# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
California Children Services .....	-	-	-	-	-	-	-	-	-	-
Public Health—Other .....	-	-	-	-	-	-	-	-	-	-
Totals, Dept of Health Services .....	2,891,790	-	2,891,790	-	-	2,965,998	-	2,965,998	-	-
Dept of Developmental Services .....	558,636	2,440	561,076	-	-	658,934	3,175	662,109	-	-
Dept of Mental Health .....	445,446	-	445,446	-	-	518,588	-	518,588	-	-
Employment Development Dept .....	-	-	-	-	-	106,704	-	-	-	-
Dept of Rehabilitation .....	44,845	-	44,845	-	-	57,507	-	57,507	-	-
Dept of Social Services:	-	-	-	-	-	-	-	-	-	-
SSI-SSP Grants .....	1,107,114	-	1,107,114	-	-	1,262,141	-	1,262,141	-	-
Payments for Children .....	1,489,525	-	1,489,525	-	-	1,593,775	-	1,593,775	-	-
Special Adult Programs .....	1,500	-	1,500	-	-	1,540	-	1,540	-	-
Social Service Programs .....	161,095	-	161,095	-	-	224,457	-	224,457	-	-
Refugee Programs .....	-	-	-	-	-	373,747	-	412,711	-	70
Community Care Licensing .....	7,514	-	7,514	-	-	75,518	-	49,264	-	396,335
County Administration .....	110,719	-	110,719	-	-	2,708	-	7,085	-	45,140
Special Adjustment—Cost-of-Living .....	-	-	-	-	-	334,271	-	127,222	-	2,788
Totals, Dept of Social Services .....	2,877,467	-	2,877,467	-	-	3,211,803	-	3,211,803	-	121,441
TOTALS, HEALTH AND WELFARE .....	6,890,291	2,440	6,892,731	-	-	7,502,492	3,175	7,505,667	-	2,688,692
YOUTH AND ADULT CORRECTIONAL AGENCY	-	-	-	-	-	-	-	-	-	-
Dept of Corrections .....	13,916	-	13,916	-	-	18,204	-	18,204	-	-
Board of Corrections .....	-	7,244	7,244	-	-	8,697	8,697	8,697	49,845	-
Dept of the Youth Authority:	-	-	-	-	-	-	-	-	-	-
Transportation of Wards .....	88	-	88	-	-	95	-	95	-	-
Delinquency Prevention .....	1,656	-	1,656	-	-	2,196	-	2,196	-	-
Assistance to Counties for Detention of Youths .....	414	-	414	-	-	2,014	-	2,014	-	-
County Justice Subvention Program .....	62,811	-	62,811	-	-	64,068	-	64,068	-	-
Regional Youth Education Centers .....	-	-	-	-	-	144	-	144	-	-
Totals, Dept of the Youth Authority .....	64,969	-	64,969	-	-	68,517	-	68,517	-	-
TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY .....	78,885	7,244	86,129	-	-	86,721	8,697	95,418	49,845	-
EDUCATION	-	-	-	-	-	-	-	-	-	-
K Thru 12 Education	-	-	-	-	-	-	-	-	-	-
District Appointments .....	5,988,870	25,883	6,014,753	-	-	6,620,804	26,494	6,647,298	-	-
ROC/P Appointments .....	162,310	-	162,310	-	-	177,597	-	177,597	-	-
County Office Appointments .....	75,729	-	75,729	-	-	81,591	-	81,591	-	-
Gifted and Talented Education Programs ..	16,838	-	16,838	-	-	18,900	-	18,900	-	-
School Improvement Program (SIP) .....	162,685	-	162,685	-	-	187,931	-	187,931	-	-
Economic Impact Aid Program (EIA) .....	181,416	-	181,416	-	-	188,127	-	188,127	-	-
Miller-Unruh Reading Program .....	16,182	-	16,182	-	-	18,166	-	18,166	-	-
Native American Indian Education .....	337	-	337	-	-	347	-	347	-	-
Adult Education .....	159,983	-	159,983	-	-	181,010	-	181,010	-	-
Curriculum Services .....	804	397	1,201	-	-	15,285	394	15,679	-	9,288
Instructional Materials (K-8) .....	59,310	-	59,310	-	-	62,446	-	62,446	-	-
Instructional Materials (Grades 9-12) .....	18,250	-	18,250	-	-	19,449	-	19,449	-	-
Staff Development .....	21,884	-	21,884	-	-	66,910	-	66,910	-	-
Urban Impact Aid .....	61,483	-	61,483	-	-	72,543	-	72,543	-	-
Meade Aid .....	9,646	-	9,646	-	-	9,935	-	9,935	-	-
Home to School Transportation .....	155,404	-	155,404	-	-	250,241	-	250,241	-	-
Court Mandates .....	164,506	-	164,506	-	-	210,331	-	210,331	-	-
Voluntary Desegregation Activities .....	-	-	-	-	-	12,856	-	12,856	-	-
ECIA Chapter 1 .....	-	-	-	-	-	299,762	-	299,762	-	-
Migrant ECIA Chapter 1 .....	-	-	-	-	-	69,178	-	69,178	-	-
Special Education .....	836,417	-	836,417	-	-	769,368	-	769,368	-	-
Vocational Education .....	3,063	-	3,063	-	-	3,820	-	3,820	-	-
Driver Training .....	-	15,720	15,720	-	-	-	19,500	19,500	-	-
Refugees and Immigrant Programs .....	-	-	-	-	-	-	-	-	-	5,565

## Schedule 9

# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Environmental Education .....	268,833	397	268,868	275,794	394	275,812	279,751	481	279,751
Child Development .....	26,164	35	26,190	28,384	88	28,384	28,384	-	28,384
State Library .....	11,465	639	11,465	21,845	-	21,845	25,960	-	25,960
Federal Educational Block Grant .....	-	-	-	39,131	-	-	36,221	-	36,221
Parental Involvement .....	-	-	-	-	-	-	-	-	-
Demonstration Programs in Reading and Math .....	3,558	-	3,558	3,993	-	3,993	165	-	165
Intergenerational .....	-	-	-	675	-	675	500	-	500
Regional Science Resource Centers .....	-	-	-	819	-	819	819	-	819
Developmental Disabilities .....	795	-	795	-	-	-	-	-	-
American Indian Education Centers .....	-	-	-	-	-	-	-	-	-
Loan Repayments from School Districts .....	-	-	-	-	-	-	-	-	-
Hart Attendance Project .....	-	-	-	-	-	-	-	-	-
Special Adjustment—Cost-of-Living .....	-	-	-	-	-	-	-	-	-
Year-round School Incentives .....	-	-	-	-	-	-	-	-	-
Mathematics, Engineering and Science Achievement .....	1,351	-	1,351	1,392	-	1,392	1,391	-	1,391
Education Improvement Incentive Program .....	-	-	-	14,400	-	14,400	15,000	-	15,000
Tenth Grade Counseling .....	-	-	-	6,600	-	6,600	6,600	-	6,600
Supplementary Program Services .....	1,132	-	1,132	11,292	-	11,292	10,901	-	10,901
Emergency Feeding Program (PL 98-8) .....	-	-	-	-	-	-	-	-	-
Youth Suicide Prevention Program .....	-	-	-	300	-	300	300	-	300
California Writing Project .....	-	-	-	250	-	250	-	-	-
Golden State Examination Program .....	-	-	-	128	-	128	-	-	-
Totals, Dept of Education .....	8,406,604	43,071	8,449,675	9,327,110	46,757	9,373,867	10,221,516	46,756	10,268,272
Contributions to Teachers' Retirement Fund .....	359,171	-	359,171	336,860	-	336,860	399,713	-	399,713
State School Building Safety Program .....	-	-	-	-	-	-	-	-	-
School Facilities Aid Program .....	90,138	-	90,138	90,802	-	90,802	71,166	-	71,166
Debt Service Public Sch Building Bonds .....	-	-	-	-	-	-	-	-	-
Totals, K Thru 12 Education .....	8,765,775	21,106	8,786,881	9,663,970	199,822	9,863,792	10,621,606	199,934	10,821,540
Higher Education .....	-	-	-	-	-	-	-	-	-
Community Colleges:	-	-	-	-	-	-	-	-	-
Apportionments for Community Colleges .....	1,016,145	4,752	1,020,897	1,035,689	4,751	1,040,440	1,088,401	4,751	1,093,152
Partial State Support—Academic Senate .....	68	-	68	70	-	70	70	-	70
Community Colleges Extended Opportunity Program .....	24,691	-	24,691	42,448	-	42,448	39,582	-	39,582
Disabled Students .....	21,794	-	21,794	23,634	-	23,634	24,579	-	24,579
Instructional Improvement .....	760	-	760	783	-	783	283	-	283
Deferred Maintenance and Special Repairs .....	-	3,994	3,994	8,000	6	8,006	7,000	-	7,000
Vocational Education .....	-	-	-	500	-	500	1,500	-	1,500
Totals, Community Colleges .....	1,063,458	8,746	1,072,204	1,111,124	4,757	1,115,881	1,161,415	4,751	1,166,166
Student Aid Commission .....	76,419	-	76,419	85,270	-	85,270	104,857	-	104,857
Totals, Higher Education .....	1,139,877	8,746	1,148,623	1,196,394	4,757	1,201,151	1,266,272	4,751	1,271,023
TOTALS, EDUCATION .....	9,905,652	29,852	9,935,504	10,860,364	204,579	11,064,943	11,887,501	204,685	12,092,186
OTHER GOVERNMENTAL UNITS	-	-	-	-	-	-	-	-	-
Civil and Criminal Justice .....	14,947	7,787	22,734	11,938	11,252	23,190	16,608	11,250	27,858
Office of Criminal Justice Planning .....	-	22,214	22,214	-	27,439	27,439	-	35,115	35,115
Comm on Peace Officer Standards & Train .....	3,800	-	3,800	4,486	-	4,486	4,000	-	4,000
Assist to Counties for Defense of Indig .....	782	-	782	1,000	-	1,000	1,000	-	1,000
Pay to Court for Cost of Homicide Trial .....	-	-	-	-	-	-	-	-	-
Totals, Civil and Criminal Justice .....	19,529	30,001	49,530	17,424	38,691	56,115	21,608	46,365	67,973
Cultural Development .....	-	-	-	-	-	-	-	-	-
California Arts Council .....	6,588	-	6,588	8,070	-	8,070	9,352	-	9,352
Totals, Cultural Development .....	6,588	-	6,588	8,070	-	8,070	9,352	-	9,352
Labor .....	-	-	-	-	-	-	-	-	-
Disaster Service Workers .....	463	-	463	415	-	415	463	-	463
Totals, Labor .....	463	-	463	415	-	415	463	-	463
TOTALS .....	10,975,007	59,653	11,034,660	12,076,729	209,434	12,286,163	13,153,264	215,139	13,368,403



## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued**  
(In thousands of dollars)

	Actual 1993-94			Estimated 1994-95			Estimated 1995-96		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
Regulatory									
Dept of Food and Agriculture .....	8,765	7,269	16,034	-	-	-	11,325	9,686	21,011
Financial Assistance to Local Fairs .....	-	12,263	12,263	-	-	-	-	15,275	15,275
Totals, Regulatory .....	8,765	19,532	28,297	10,511	10,036	20,547	11,325	24,961	36,286
General Administration									
Commission on State Mandates .....	-	-	-	10,000	-	10,000	5,000	-	5,000
Totals, General Administration .....	-	-	-	10,000	-	10,000	5,000	-	5,000
TOTALS, OTHER GOVERNMENTAL UNITS .....	35,345	49,533	84,878	46,420	67,523	113,943	47,748	71,326	119,074
									5,228
									5,228
OTHER GOVERNMENTAL SERVICES									
Tax Relief									
Senior Citizens Property Tax Assistance .....	1,052	8,016	9,068	8,120	-	8,120	8,120	-	8,120
Senior Citizens Property Tax Deferral Program .....	7,150	-	7,150	8,250	-	8,250	9,572	-	9,572
Senior Citizens Renters' Tax Assistance .....	3,175	33,150	36,325	33,530	-	33,530	33,530	-	33,530
Personal Property Tax Relief .....	301,843	-	301,843	-	-	-	-	-	-
Homeowners' Property Tax Relief .....	333,967	-	333,967	332,900	-	332,900	334,500	-	334,500
Subventions for Open Space .....	13,527	-	13,527	14,100	-	14,100	14,100	-	14,100
Payment to Local Government Sales Property Tax Revenue Loss .....	3,784	-	3,784	4,581	-	4,581	-	-	-
Renters' Tax Relief .....	413,574	9,874	423,448	441,000	-	441,000	460,000	-	460,000
Substandard Housing .....	70	-	70	98	-	98	102	-	102
Alternative Energy Credits .....	-	-	-	-	-	-	68,500	-	68,500
Local Government Financing .....	2,354	-	2,354	87,379	-	87,379	49,500	-	49,500
Totals, Tax Relief and Local Government Financing .....	1,080,496	51,040	1,131,536	929,958	-	929,958	977,924	-	977,924
Revenue Distributions									
Shared Revenues									
Apportionment Ilwly Prop Rental Receipts .....	-	3,314	3,314	-	3,400	3,400	-	3,200	3,200
Apportionment Off Highway License Fees .....	-	634	634	-	778	778	-	836	836
Apportionment Fed Receipts									
Flood Control .....	-	-	-	-	-	-	-	-	-
Apportionment Fed Receipts Forest Res .....	-	-	-	-	-	-	-	-	-
Apportionment Fed Receipts Grazing Land .....	-	-	-	-	-	-	-	-	-
Apportionment Fed Pokash Lease Rentals .....	-	-	-	-	-	-	-	-	-
Apportionment of Trailer Coach Fees .....	-	20,847	20,847	-	22,870	22,870	-	20,970	20,970
Apportionment Motor Vehicle License Fee .....	-	474,589	474,589	-	1,135,894	1,135,894	-	1,260,019	1,260,019
Apportionment Cigarette Tax .....	369	75,753	75,753	500	78,200	78,200	500	77,000	77,000
Apportionment Tideland Revenues .....	-	-	-	-	-	-	-	-	-
Apportionment for County Roads .....	-	261,038	261,038	-	248,800	248,800	-	249,300	249,300
Apportionment for City Streets .....	-	190,234	190,234	-	178,326	178,326	-	179,600	179,600
Apportionment County Road & City Street .....	-	121,087	121,087	-	113,540	113,540	-	113,140	113,140
Apportionment of Geothermal Res Develop .....	-	3,400	3,400	-	4,155	4,155	-	1,950	1,950
Totals, Shared Revenues .....	369	1,150,986	1,151,355	500	1,785,963	1,786,463	500	1,906,015	1,906,515
Totals, Revenue Distributions .....	369	1,150,986	1,151,355	500	1,785,963	1,786,463	500	1,906,015	1,906,515
Unclassified									
Los Angeles Co Medical Assist Prg .....	-	-	-	200,000	-	200,000	-	-	-
State Mandated Local Programs .....	111,253	155	111,408	82,418	80	82,498	95,219	155	95,374
Universal Telephone Service Program .....	-	-	-	-	25,160	25,160	-	26,200	26,200</



## (In thousands of dollars)

# COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND

## FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86			
	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
<b>YOUTH AND ADULT CORRECTIONAL AGENCY</b>										
Dept of Corrections .....	68	91	159	75,093	-	-	-	12,983	620,185	-
Dept of Youth Authority .....	-	140	140	-	-	-	-	3,400	-	-
<b>TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY</b>	68	231	299	75,093	-	-	-	16,253	620,185	-
<b>EDUCATION</b>										
K Thru 12 Education										
Department of Education .....	-	-	-	-	-	-	-	-	-	-
Totals, K Thru 12 Education	-	-	-	-	-	-	-	-	-	-
Higher Education										
University of California .....	-	7,147	7,147	-	-	-	-	50,513	226	-
Hastings College of Law .....	-	-	-	-	-	-	-	331	-	-
Calif State University & Colleges .....	-	10,130	10,130	-	-	-	-	26,762	-	-
California Maritime Academy .....	-	23	23	-	-	-	-	333	-	-
Bd of Governors of Calif Comm Colleges .....	-	7,449	7,449	34	-	-	-	24,332	270	-
Totals, Higher Education	-	24,749	24,749	34	-	-	-	102,271	496	-
<b>TOTALS, EDUCATION</b>	-	24,749	24,749	34	-	-	-	102,271	496	-
<b>OTHER GOVERNMENTAL UNITS</b>										
Labor										
Dept of Industrial Relations .....	-	-	-	-	-	-	-	46	-	-
Totals, Labor	-	-	-	-	-	-	-	46	-	-
Regulatory										
California Exposition and Fairs .....	-	-	-	-	-	-	-	179	-	-
Dept of Food and Agriculture .....	-	75	75	-	-	-	-	3,215	-	-
Totals, Regulatory	-	75	75	-	-	-	-	3,394	-	-
General Administration										
Military Department .....	-	212	212	-	-	-	-	1,364	-	-
Totals, General Administration	-	212	212	-	-	-	-	1,364	-	-
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	287	287	-	-	-	-	4,804	-	-
<b>OTHER GOVERNMENTAL SERVICES</b>										
Unallocated										
Unallocated Capital Outlay .....	-	175	175	-	-	-	-	1,000	493	-
Totals, Unallocated	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
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<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
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<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
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<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
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<b>TOTALS, OTHER GOVERNMENTAL SERVICES</b>	-	175	175	-	-	-	-	1,000	493	-
<b>TOTALS, CAPITAL OUTLAY</b>	68	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERNMENTAL UNITS</b>	-	173,239	173,307	124,220	540,183	7,952	-	487,560	725,606	958,476
<b>TOTALS, OTHER GOVERN</b>										

**COMPARATIVE STATEMENT OF EXPENDITURES BY CHARACTER, FUNCTION, ORGANIZATION UNIT AND FUND  
FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued**  
(In thousands of dollars)

	Actual 1983-84			Estimated 1984-85			Estimated 1985-86				
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
UNCLASSIFIED											
RESOURCES											
Dept of Boating & Waterways	-	12,021	12,021	-	-	11,500	-	-	11,500	-	-
TOTALS, RESOURCES	-	12,021	12,021	-	-	11,500	-	-	11,500	-	-
OTHER GOVERNMENTAL SERVICES											
Unallocated	-	-	-	-	-	-	-	-	-	-	-
Legislative Initiatives	-	-	-	-	-	-	75,000	-	-	-	-
State Guarantee of Loan	-	-	-	-	-	-	40,000	-	-	-	-
Totals, Unallocated	-	-	-	-	-	-	115,000	-	115,000	-	-
Savings	-	-	-	-	-	-	-	-	-	-	-
Estimated Unidentifiable Savings	-	-	-	-	-	-	-	-	-	-	-
Totals, Savings	-	-	-	-	-	-	-	-	-	-	-
TOTALS, OTHER GOVERNMENTAL SERVICES											
TOTALS, UNCLASSIFIED	-	-	-	-	-	-	115,000	-	115,000	-	-
TOTAL	22,969,226	12,021	23,081,247	12,454,307	4,952,244	30,534,424	27,863,985	11,500	33,130,654	469,050	13,667,552
State Operations	4,685,849	1,786,766	6,472,615	5,793,060	2,070,459	7,853,309	6,502,876	2,242,671	8,745,547	11,833	3,991,870
Local Assistance	18,183,309	1,555,384	19,738,693	19,791,478	2,393,902	22,185,280	21,246,109	2,478,219	23,724,298	398,373	8,504,057
Capital Outlay	68	173,239	173,307	540,183	7,952	495,512	958,476	534,279	1,534,279	58,844	1,161,625
Unclassified	-	12,021	12,021	-	423	423	115,000	11,500	126,500	-	-
BUDGET ACT TOTALS	21,545,874	2,131,739	23,677,613	24,491,149	2,687,691	27,178,840	27,019,125	2,988,711	30,007,836	206,109	10,369,996
BUDGET ACT ITEMS NOT INCLUDED IN TOTALS											
STATUTORY APPROPRIATIONS	-	(9,840)	(9,840)	(3,360)	(19,546)	(22,506)	(2,800)	(39,930)	(42,730)	-	(1,961,779)
CONSTITUTIONAL APPROPRIATIONS	474,466	1,231,152	1,705,618	-	2,127,481	2,295,278	449,492	2,264,787	2,713,279	247,941	-
OTHER APPROPRIATIONS	318,663	318,663	318,663	378,671	378,671	378,671	486,396	-	486,396	-	-
TOTAL	530,223	164,519	694,742	2,800,683	137,072	616,635	-90,028	13,171	-76,857	15,000	2,797,546



# SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1983, 1984, 1985, AND 1986 (In thousands)

Fund	Reserves June 30, 1983	Actual Income 1983-84	Actual Expenditures 1983-84	Transfers Between Funds	Reserves June 30, 1984	Estimated Income 1984-85	Estimated Expenditures 1984-85	Transfers Between Funds	Reserves June 30, 1985	Estimated Income 1985-86	Estimated Expenditures 1985-86	Transfers Between Funds	Reserves June 30, 1986
GENERAL FUND	\$449,645	\$23,809,493	\$22,868,296	-	\$62,973 427,648	\$26,076,962	\$25,382,180	-	\$13,324 969,980	\$27,922,154	\$27,863,985	-	\$3,394 1,040,989
<b>SPECIAL FUNDS</b>													
General Fund Special Accounts: <sup>1</sup>													
Property Acquisition Law, Money Account	1,279	924	525	-	1,678	681	640	-	1,729	490	672	-	1,537
Motor Vehicle Parking Facilities Monies Account	680	1,790	1,952	-	518	1,917	2,125	-	310	1,982	2,292	-	-
Access for Handicapped Account	-149	75	301	-	-375	382	-13	-	-	431	431	-	194
Attorney General Annuity Account	2	474	476	-	-	1,100	403	-	97	1,100	403	-	-
Hazardous Waste Control Account	361	11,226	6,770	-	4,817	9,045	12,982	-1	879	16,661	16,706	-	834
Subsequent Injuries Money Account	-78	1,096	1,018	-	-	2,081	2,081	-	-	2,000	2,000	-	160
Fingerprint Fees Account	396	6,279	5,626	-	1,039	6,434	6,954	-	519	6,834	7,193	-	-
State Energy Resources Conservation and Development Special Account	3,499	-	-	-3,499	-	-	-	-	-	-	-	-	-
State Energy Loan Fund Account	-	133	1,133	1,000	-	284	34	-	280	275	250	-	275
State Emergency Telephone Number Account	9,116	25,356	22,651	-	11,821	30,000	36,707	-	5,114	32,000	37,107	-	7
Farm Labor Contractors' Special Account	156	32	-	-	188	32	50	-	170	32	50	-	152
State Motor Vehicle Insurance Account	4,562	5,658	6,966	-	442	6,773	6,124	-	3,903	7,457	6,512	-	4,848
Nuclear Planning Assessment Special Account	-	620	820	-	-	900	-	-	-	900	900	-	-
State Agriculture and Forestry Residue Utilization Account	1,820	-311	-3,594	-	4,903	-	1,604	-	3,299	-	3,216	-	83
State Energy Conservation Assistance Account	2,728	1,533	-1,211	-	5,492	1,870	1,576	-	5,756	1,540	6,480	-	816
Geothermal Development Account	1,179	8,725	7,718	-	2,186	10,387	11,925	-	648	5,022	5,681	-	69
Surface Mining and Reclamation Account	620	1,100	1,278	-	442	1,526	1,526	-	16	1,100	1,100	-	16
Special Account for Capital Outlay	2,503	17,816	9,429	-	10,860	191,261	122,943	-	81,771	121,530	187,867	-	15,334
Renewable Resource Energy Agricultural Account	39	-	39	-	-	-	-	-	-	-	-	-	-
State Transportation Fund:													
Aeronautics Account	1,002	917	6,252	5,192	914	550	6,682	5,591	19	520	5,752	5,270	27
		85		-30				-30				-30	
State Highway Account	236,404	349,137	866,540	-284	336,811	377,911	1,031,306	-10,016	298,239	388,744	1,074,223	579,100	190,960
				-8,010				29,000				-10,900	
				15,000				575,974					
				24,164				-135					
Motor Vehicle Account	39,555	608,706	549,950	668,940	66,790	633,814	610,550	4,300	63,157	653,065	650,289	4,674	74,007
				3,781				-29,000					
				4,000				-97					
				-39,164									
				-138									
Bicycle Lane Account	282	220	582	360	280	200	462	-13	378	200	410	360	528
Transportation Planning and Development Account	3,640	164,346	157,949	8,010	2,777	130,000	144,310	10,016	-	112,100	121,603	30	1,427
		-15,000		30				30				10,900	
Abandoned Railroad Account	5,966	650	322	-	6,294	672	2,714	1,500	2,751	672	95	-	3,328
				-				-1					
California Highway Patrol Law Enforcement Account	22,668	25,327	20,505	-	27,490	25,000	33,629	-1,500	18,861	13,500	32,250	-	111
Olympic ReflectORIZED License Plate Account	-	295	295	-	-	595	152	-1	19	-	19	-	-
								-423					
<b>Transportation Tax Funds:</b>													
New Motor Vehicle Board Account	25,061	1,217,337	17,622	-27	22,747	1,149,620	17,749	-24	-	533	780	-5,270	-227
Motor Vehicle Fuel Account	-	-	-	-5,192	-	-	-	-5,280	-	1,154,120	18,060	-1,123,000	8,776
				-1,183,159				-1,120,000				-3,799	
				-3,785				-3,799				-10,400	
				-10,666				-10,550					
Highway Users' Tax Account	-	-	572,359	-668,940	-	-	540,666	1,200,000	-	-	542,040	1,123,000	-
				1,183,159				-575,974				-379,100	
				-360				-360				-360	
				-1,500				-1,500				-1,500	

## SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1983, 1984, 1985, and 1986—Continued

(In thousands)

Fund	Reserves June 30, 1983	Actual Income 1983-84	Actual Expenditures 1983-84	Transfers Between Funds	Reserves June 30, 1984	Estimated Income 1984-85	Estimated Expenditures 1984-85	Transfers Between Funds	Reserves June 30, 1985	Estimated Income 1985-86	Estimated Expenditures 1985-86	Transfers Between Funds	Reserves June 30, 1986
Motor Vehicle License Fee Account.....	85,211	1,033,946	589,657	-	136,835	1,212,500	1,212,500	-39	136,796	1,342,000	1,342,000	-	136,196
Feeder Funds:													
Cigarette Tax Fund.....	14,223	78,444	75,753	-	16,919	78,200	78,200	-	16,919	77,000	77,000	-	16,919
Other Governmental Cost Funds.....	266	208	286	-	188	163	417	-1	-67	159	426	-	-334
Acupuncture Fund.....	27,048	40,407	45,052	3,785	26,245	47,789	55,091	3,798	22,811	46,332	57,626	3,799	16,031
Agriculture Fund.....	1,725	183	388	-88	1,520	178	1,186	-46	511	173	99	-	590
Agriculture Fund Ethanol Fuel Revolving Account.....	31	179	116	-	98	141	145	-1	94	285	162	-	217
Auctioneer Commission.....	2,550	1,946	1,897	-41	2,599	2,052	3,640	-	1,011	1,488	2,245	-	254
Air Pollution Control Fund.....	95	367	310	-	152	442	344	-	250	396	370	-	276
Acacia Cotton Fund.....	116	473	402	-	122	71	358	-	212	326	386	-	132
Animal Health Technician Examining Committee Fund.....	116	72	66	-	122	75	77	-	130	82	91	-	111
Architecture Public Building Fund, School Building Program Account.....	1,226	1,347	1,316	-	2,022	1,194	1,060	-7	339	1,248	1,027	-	550
Architecture Public Building Fund, Hospital Building Program Account.....	317	7,322	6,201	-	2,547	7,833	7,380	-	3,000	8,266	6,472	-	4,794
Hospital Plan Checking Account, Architecture Public Bldg Fund.....	3,820	2,514	2,079	-	732	3,187	3,157	-	782	3,341	3,420	-	703
Assembly Contingent Fund.....	-	-	42,541	-	7,476	-	-54,143	519	64	-	-76,456	-	64
Athletic Commission Fund.....	-	434	412	-	-	-	-	-	-	-	-	-	-
Auditor General Fund.....	-	-22	-	-	-	-	6,969	4,349	640	-	8,154	-	640
Automotive Repair Fund.....	2,588	6,899	5,219	-	4,268	5,066	6,561	-10	2,763	4,936	6,556	-	1,143
AWOL Abatement Program Fund.....	2,861	2	-	-	2	2	2	-	2	2	2	-	2
State Banking Fund.....	5,639	7,942	6,953	-	3,870	7,801	8,257	-4,200	3,414	8,065	8,581	-	2,898
California Environmental License Plate Fund.....	-	20,814	18,650	-3,781	4,010	22,489	17,967	-22	4,733	23,491	22,977	-4,674	573
California Health Facilities Commission Fund.....	807	3,674	3,562	-	919	3,333	4,085	423	157	1,935	1,935	-	-
California Water Fund.....	2,663	664	3,458	-	-131	27,571	27,424	-1	15	-157	27,568	-	15
Capital Outlay Fund for Public Higher Education.....	21,872	69,749	45,661	-	17,960	102,168	103,942	-1	16,185	119,971	123,778	-	12,378
Chiropractic Examiners Fund.....	116	740	601	-	255	840	702	-	383	926	773	-	546
Collection Agency Fund.....	281	478	532	-	227	778	672	-1	332	844	536	-	640
Contingent Funds of the Assembly and Senate.....	4,843	170	15,734	884	7,227	582	4,592	-519	-	-	-	-	-
Community College Credentials Fund.....	-45	479	459	-1	-26	583	557	-982	-	-	544	-	-
Corrections Training Fund.....	1,473	9,348	8,198	-2	2,621	10,885	9,987	-	3,439	11,890	10,079	-	5,520
California Debt Advisory Commission Fund.....	1,180	1,392	475	-	2,097	750	690	-	2,157	750	766	-	2,141
Developmental Disabilities Program Development Fund.....	1,444	2,792	2,587	-	1,649	2,660	3,371	-	338	2,896	2,827	-	307
Dispensing Opticians Fund.....	-37	208	99	106	175	64	128	-	114	257	144	-	227
Driver Training Penalty Assessment Fund.....	-	31,887	2,092	-4,000	-	35,224	21,460	-	-	38,761	500	-19,500	-
Bureau of Employment Agencies Fund.....	596	492	448	-	630	502	575	-1	594	-18,761	607	-	496
Benefit Audit Fund.....	-	559	-	-	559	2,000	1,060	38	1,499	4,000	2,439	-	3,090
Employment Development Contingent Fund.....	1,005	28,572	28,577	-	1,000	20,560	12,056	-1	9,533	20,574	14,660	-	15,447
Energy and Resources Fund.....	5,338	24,048	21,563	-	5,964	-	1,889	-2,563	1,704	-	1,704	-	-
Fair and Exposition Fund.....	1,010	18,909	15,140	-4	4,775	19,916	23,288	-2	1,389	19,725	19,465	-	1,649
CA Fire Services Training and Education Fund.....	-	218	205	-	13	380	369	-14	23	490	354	-	119
California Fireworks Licensing Fund.....	-	35	-	-	7,453	40	427	-	8	440	440	-	8
Fish and Game Preservation Fund.....	8,703	47,554	48,775	-29	7,453	53,842	58,165	-2	3,198	54,738	57,594	-	362
Bare Fish, Wildlife & Plant Species Conservation and Enhancement Account.....	-	-	32	-	-32	13	13	-	-45	-	17	-	-62
Genetic Disease Testing Fund.....	3,709	11,137	9,950	-	4,384	11,381	12,971	-1	2,793	11,170	12,976	-	987



## SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1983, 1984, 1985, and 1986—Continued

(In thousands)

Fund	Reserves June 30, 1983	Actual Income 1983-84	Actual Expenditures 1983-84	Transfers Between Funds	Reserves June 30, 1984	Estimated Income 1984-85	Estimated Expenditures 1984-85	Transfers Between Funds	Reserves June 30, 1985	Estimated Income 1985-86	Estimated Expenditures 1985-86	Transfers Between Funds	Reserves June 30, 1986
Geology and Geophysics Fund.....	291	42	142	-	191	349	175	-	365	40	186	-	219
Hearing Aid Dispensers' Fund.....	199	173	113	-	259	175	167	-	267	201	174	-	294
Hazardous Liquid Pipeline Safety Fund.....	-	365	162	-	203	750	836	-1	116	800	889	-	27
Restitution Fund.....	3,301	27,248	24,156	-16	10,379	32,014	17,452	-248	24,683	34,753	19,337	-	40,109
Industrial Development Fund.....	-6	753	333	-	414	380	286	-	508	540	305	-	743
Industrial Construction Enforcement Fund.....	272	363	490	-	145	440	566	-1	18	598	566	-	18
Insurance Fund.....	-8	18,211	17,206	-	1,005	20,761	19,500	-12	2,254	20,560	21,772	-	1,042
Local Agency Deposit Fund.....	-	133	59	-	66	70	64	-	72	60	65	-	67
Local Public Prosecutors/Public Defenders Training Fund.....	-	461	-	-	461	750	750	-	461	750	750	-	461
Mobile Home Park Revolving Fund.....	225	1,959	1,816	-	368	1,950	2,172	-	146	1,950	2,046	-	50
Natural Disaster Assistance Fund: Public Facilities Account.....	7,936	386	4,371	-	3,951	-	11,635	-	3,951	-	11,635	-	-
Natural Disaster Assistance Fund: Street and Highway Account.....	20,094	1,137	323	-	20,908	1,400	3,500	-	18,808	1,400	3,500	-	16,708
1983 Natural Disaster Account, Natural Disaster Assistance Fund.....	-	-	-	-	4,456	-	4,456	-	-	-	-	-	-
Nurses' Registry Fund.....	46	6	12	-	40	6	8	-38	-	-	-	-	-
Nursing Home Administrator's State License Examining Board Fund.....	329	70	199	-	200	432	270	-1	361	63	281	-	143
Off-Highway License Fee Fund.....	445	693	634	-	594	801	778	-	527	859	836	-	530
Off-Highway Vehicle Fund.....	9,527	3,855	10,594	10,066	12,854	3,975	26,305	-13	861	4,050	15,059	10,400	252
Osteopathic Examiners' Contingent Fund.....	235	364	308	-	291	372	369	-	294	390	404	-	270
Peace Officers' Training Fund.....	3,853	29,405	26,224	-	6,764	33,888	33,735	-	6,927	37,199	43,292	-	844
Physician's Assistants Fund.....	262	338	183	-	417	213	263	-	367	237	235	-	369
Pilot Commissioners' Fund.....	114	77	74	-	117	82	84	-	115	82	88	-	109
Podiatry Fund.....	217	327	289	-	255	313	430	-1	137	317	341	-	113
Polygraph Examiners Fund.....	-	-	-	-	-	60	34	-	26	124	140	-	10
Professional Foresters Registration Fund.....	159	54	85	-	128	89	107	-	110	89	109	-	90
Private Postsecondary Administration Fund.....	445	720	715	-	450	743	855	-	338	743	892	-	189
Professions and Vocations Funds:													
Accountancy Fund.....	2,485	2,203	2,011	-	2,677	2,429	2,348	-5	2,753	2,415	2,401	-	2,767
Board of Architectural Examiners' Fund.....	1,217	2,061	1,188	-	2,090	807	1,456	-3	1,458	2,444	1,587	-	2,315
Board of Barber Examiners' Fund.....	799	1,043	592	-	1,250	176	731	-2	683	1,133	687	-	1,139
Cemetery Fund.....	128	253	209	-	172	267	257	-1	181	278	277	-	182
Contractors License Fund.....	7,007	19,729	15,211	-	11,325	20,687	16,818	-36	15,558	20,681	17,359	-	18,670
Board of Cosmetology: Contingent Fund.....	3,836	2,257	2,222	-	3,871	2,413	2,721	-5	3,558	2,600	2,649	-	3,509
Dentistry Fund.....	1,228	1,503	1,528	-	1,203	1,533	2,048	-4	684	1,533	2,142	-	75
Fabric Care Fund.....	1,226	247	738	-	735	1,462	885	-2	1,300	313	905	-	708
Funeral Directors' and Embalmers' Fund.....	264	339	360	-	243	318	515	-1	45	314	509	-	150
Bureau of Home Furnishings Fund.....	1,575	858	1,297	-	1,136	1,876	1,714	-3	1,295	1,951	1,831	-	1,415
Board of Landscape Architects' Fund.....	40	360	217	-	183	119	258	-1	43	442	253	-	232
Contingent Fund of the Board of Medical Quality Assurance.....	7,007	11,110	10,535	-178	7,281	10,953	12,641	-26	5,567	10,942	13,167	-	3,142
Physical Therapy Fund.....	423	407	250	-	580	113	284	-1	408	263	302	-	369
Registered Nursing Fund.....	643	3,750	3,623	-	765	3,886	4,309	-9	333	4,006	4,483	-	-144
Osteometry Fund.....	244	338	276	-	306	369	307	-1	367	396	354	-	409
Pharmacy Board Contingent Fund.....	657	1,878	1,844	-	691	2,453	2,434	-4	706	2,393	2,455	-	664
Private Investigator and Adjuster Fund.....	871	2,245	1,745	-	1,371	2,205	2,811	-6	989	3,136	2,620	-	1,465
Professional Engineers' Fund.....	1,853	1,711	2,081	-	1,473	3,166	2,556	-5	2,178	3,011	2,611	-	2,573
Shorthand Reporters' Fund.....	627	297	193	-	464	323	211	-228	348	326	220	-216	238
Behavioral Science Examiners' Fund.....	782	535	589	-	728	331	778	-1	480	588	760	-	308
Structural Pest Control Fund.....	1,512	2,770	1,614	-	2,668	2,363	1,871	-4	3,106	2,497	1,850	50	3,903
Board of Veterinary Examiners' Contingent Fund.....	345	686	461	-	570	217	531	-50	255	708	572	-	391
Vocational Nurse and Psychiatric Technician Examiners' Fund—Vocational Nurse Account.....	1,327	2,458	1,467	-	2,318	2,776	2,026	-4	3,064	2,983	2,059	-	3,988
Vocational Nurse and Psychiatric Technician Examiners' Fund—Psychiatric Technicians Account.....	497	400	380	-	517	448	456	-1	508	472	483	-	497



**Schedule 10**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1983, 1984, 1985, and 1986—Continued**  
(In thousands)

Fund	Reserves June 30, 1983	Actual Income 1983-84	Actual Expenditures 1983-84	Transfers Between Funds	Reserves June 30, 1984	Estimated Income 1984-85	Estimated Expenditures 1984-85	Transfers Between Funds	Reserves June 30, 1985	Estimated Income 1985-86	Estimated Expenditures 1985-86	Transfers Between Funds	Reserves June 30, 1986
Other Governmental Cost Funds:													
Psychology Fund.....	549	755	521	-	783	768	654	-1	886	856	648	-	1,104
Radiotelephone Utility Rate Fund.....	33	68	56	178	45	60	105	200	669	-	-	-	326
Respiratory Care Fund.....	-	-	125	-	53	856	439	-1	-	148	491	-	-
Real Estate Fund.....	4,133	20,890	15,901	-8	8,314	19,901	19,345	-	9,300	19,817	19,353	-	9,764
Electronic and Appliance Repair Fund.....	406	872	935	-	343	908	1,074	-2	175	887	1,057	-	15
Sanitarian Registration Fund.....	116	30	30	-	86	59	85	-	60	134	86	-	108
Savings and Loan Inspection Fund.....	2,686	3,628	3,473	-4	2,837	4,527	4,527	-	2,832	5,835	5,835	-	1,374
State School Fund.....	16	31,880	31,671	-	16,316	31,633	31,639	-	19	31,633	31,639	-	13
State School Building Lease-Purchase Fund..... <sup>3</sup>	-8,982	3,071	4,664	-	-	131,500	144,000	-2	23,814	151,500	151,565	-	31,369
School Building Safety Fund.....	-	755	755	-	-	1,143	1,143	-	-	1,195	1,195	-	-
Senate Contingent Fund.....	6,438	-	-	-	4,234	47,404	47,404	519	-	-	-	-	-
Speech Pathology and Audiology Examining Committee Fund.....	214	224	150	-	298	50	175	-	173	256	187	-	242
State Bicycle License and Registration Fund.....	35	30	25	-	40	20	23	-	37	20	29	-	28
State Dental Auxiliary Fund.....	283	449	376	-	356	556	563	-1	348	619	592	-	375
Solid Waste Management Fund.....	1,294	-1,294	-	-	6,310	31,740	31,019	-	10,005	31,615	38,396	-	4,724
State Parks and Recreation Fund.....	10,529	30,407	36,109	1,500	-	-	-	1,500	-	-	-	1,500	-
Self Insurance Plans Fund.....	-	-	-	-	-	1,203	1,206	-26	213	1,010	1,223	-	-
California State Police Fund.....	-	8	-	-	8	16	-	-	24	17	40	-	1
Strong Motion Instrumentation Special Fund.....	348	1,671	1,287	-	732	1,660	1,697	-	695	1,650	1,733	-	612
Structural Pest Control Education and Enforcement Fund.....	-	-	-	-	-	-	50	-	-	194	102	-50	42
Tax Preparers' Fund.....	64	428	210	-	282	632	292	-1	641	726	339	-	1,028
Teacher Credentials Fund.....	1,966	5,137	5,592	-	1,481	5,430	5,848	-	1,063	5,520	6,281	-	12
Transcript Reimbursement Fund.....	227	43	240	267	297	39	279	228	284	36	342	216	194
Transportation Rate Fund.....	4,824	15,729	13,333	-1,500	4,020	15,065	13,794	-28	5,263	14,770	14,549	-	5,484
Universal Telephone Service Fund.....	-	-	-	-1,700	-	68,596	25,275	-	43,321	36,356	26,363	-	53,314
Vehicle Inspection Fund.....	3,555	21,408	22,154	-	2,809	38,533	34,895	-27	6,420	42,719	27,120	-	22,019
Victim/Witness Assistance Fund.....	-	5,118	800	-4,002	316	11,848	11,515	-	649	13,038	11,506	-	2,181
Wildlife Restoration Fund.....	6,581	1,782	2,054	-3	6,306	2,142	6,595	-	1,853	1,348	2,216	-	985
Seismic Gas Valve Certification Act.....	-	-	-	-	-	69	69	-	-	75	75	-	-
Mobile Home and Commercial Coach License Fee Act.....	4,692	24,554	22,426	-	6,730	23,900	24,630	-	6,000	22,700	22,700	-	6,000
Hazardous Substance Act.....	2,874	8,863	6,000	-2	5,735	27,974	30,753	-	2,956	23,988	10,419	-	13,825
Elevator Safety Inspection Act.....	1,035	1,368	1,235	-	1,168	1,780	2,244	-2	702	1,780	2,295	-	187
Pressure Vessel Inspection Act.....	1,844	1,775	1,669	-2	2,008	1,835	3,264	-3	576	2,855	2,859	-	572
Mortgage Bond Allocation Fee Account.....	21	11	12	-	30	12	15	-	27	18	15	-	30
Dealers' Record of Sale Account.....	-	632	632	-	-	781	781	-7	445	803	803	-	-
Public Utilities Commission Transportation Reimbursement Act.....	-	1,820	3,079	1,500	41	3,499	3,088	-41	2,360	3,600	3,129	-477	916
Public Utility Commission Utility Reimbursement Account.....	-	13,573	12,223	1,700	107	31,164	28,313	-554	-	33,912	31,167	-2,000	2,608
First Offender Program Evaluation Fund.....	-	340	93	-243	247	534	250	-1	580	584	550	-	614
Energy Resources Programs Account.....	15	32,257	22,190	3,499	6,470	32,898	30,865	-1,000	3,332	33,527	27,321	-5,000	7,015
State Fair Police Special Account.....	6	9	-	-	15	6	12	-	9	6	6	-	9
Energy Technologies Research Development Account.....	-	-	-	-	-	450	450	1,000	1,000	-	6,000	5,000	-
Farmlands Mapping Account.....	-	-	-	-	-	98	97	-	1	1,086	1,086	-	1
Underground Tank Storage Fund.....	-	-	-	-	-	950	654	-	296	-	142	-	154
Underground Container Inventory Account.....	-	-	-	-	-	426	426	-	-	435	435	-	-
Gaming Registration Fund.....	-	-	-	-	-	-	-	-	-	-	1,885	-	-1,885
Surface Impoundment Assessment Account.....	-	-	-	-	-	-	-	-	-	-	-	-	-
Unspecified Special Funds:	-	-	-	-	-	-	-	-	-	-	-	-	-
Augmentation for Employee Compensation.....	-	-	-	-	-	16,741	16,741	-	-16,741	-	84,884	-	-101,625

**Schedule 10**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1983, 1984, 1985, and 1986—Continued**  
(In thousands)

Fund	Reserves June 30, 1983	Actual Income 1983-84	Actual Expenditures 1983-84	Transfers Between Funds	Reserves June 30, 1984	Estimated Income 1984-85	Estimated Expenditures 1984-85	Transfers Between Funds	Reserves June 30, 1985	Estimated Income 1985-86	Estimated Expenditures 1985-86	Transfers Between Funds	Reserves June 30, 1986
Department of Personnel Administration .....	-	-	-	-	-	-	303	-	-303	-	-	-	-303
Payment of Specified Attorney Fees .....	-	-	-	-	-	-	100	-	-100	-	100	-	-200
Department of General Services .....	-	-	-	-	-	-	124	-	-124	-	130	-	-254
Reserve for Contingencies or Emergencies .....	-	-	-	-	-	-	1,500	-	-1,500	-	1,500	-	-3,000
Recovery of uncharged costs .....	-	-	-	-	-	-	-	-	-	-	2,435	-	-2,435
TOTALS, SPECIAL FUNDS <sup>2</sup> .....	\$895,756	\$3,816,673	\$3,527,405	-	\$985,024	\$4,925,892	\$4,952,227	-	\$959,679	\$4,998,816	\$5,256,664	-	\$690,831
GRAND TOTALS <sup>2</sup> .....	\$246,111	\$27,826,166	\$26,396,631	-	\$1,475,646	\$31,002,754	\$30,534,417	-	\$1,943,393	\$32,920,970	\$33,130,649	-	\$1,734,304

<sup>1</sup> Additional General Fund special accounts are listed under "Other Governmental Cost Funds" and designated as accounts.

<sup>2</sup> Amounts included in this schedule for revenues and expenditures may not agree with those shown in Schedules 1, 8 and 9 due to rounding.

<sup>3</sup> The ending reserve for the State School Building Lease-Purchase Fund in this schedule exceeds the amount in the Fund Condition located in the budget for the School Facilities Aid Program by \$15 million. This difference represents money that will be expended in the current and budget years for the Emergency Classroom Program.



## Schedule 11

## STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY

Fund	June 30, 1983				June 30, 1984			
	Cash *	Securities *	Surplus Money Investment Fund *	Totals *	Cash *	Securities *	Surplus Money Investment Fund *	Totals *
<b>NONGOVERNMENTAL COST FUNDS</b>								
Public Service Enterprise Funds								
Antioch and Carquinez Straits Bridge Toll Revenue Fund .....								
California Housing Finance Fund .....	88	\$3,469	\$7,093	\$10,570	\$8	\$3,469	\$9,889	\$13,366
California Water Resources Development Bond Fund .....	26	473,580	221,839	695,445	34	473,580	322,176	795,790
California National Guard Members Farm and Home Fund of 1978 .....	372	-	57,908	58,280	105	-	51,919	51,924
Carquinez Straits Bridges Construction Fund .....	12	485	3,842	4,339	16	14,885	3,797	18,698
Central Valley Water Project Construction Fund .....	1,056	143,966	343,872	488,894	214	-	189,144	189,358
Central Valley Water Project Revenue Fund .....	20,285	1,307,201	36,303	1,363,961	534	-	81,156	81,690
Compensation Insurance Fund .....	11	-	56,749	56,760	10	1,430,538	42,997	1,473,545
Employment Training Fund .....	2	-	28,230	28,232	1	-	73,343	73,344
Harbor Bond Sinking Fund .....	1,643	-	-	1,643	1,145	-	1,145	1,145
Harbors and Watercraft Revolving Fund .....	502	-	27,145	27,647	502	-	35,386	35,888
India Basin Sinking Fund .....	-	-	-	-	-	-	-	-
Health Facility Construction Loan Insurance Fund .....	2	-	19,911	19,913	2	-	25,581	25,583
New Antioch Bridge Construction Fund .....	1	-	19,175	19,176	1	-	23,094	23,095
Richmond-San Rafael Toll Revenue Fund .....	1	-	3,522	3,523	2	-	8,523	8,525
San Diego-Coronado Bridge Construction Fund .....	11	-	205	216	11	-	58	69
San Francisco-Oakland Bay Bridge Construction Fund .....	-	-	-	-	-	-	-	-
San Francisco-Oakland Bay Bridge Toll Revenue Fund .....	26	-	121	147	26	-	104	130
San Francisco Seawall Sinking Fund No. 2 .....	122	-	-	122	119	-	-	119
San Francisco Seawall Sinking Fund No. 3 .....	153	-	-	153	151	-	-	151
San Francisco Seawall Sinking Fund No. 4 .....	-	-	-	-	-	-	-	-
Small Craft Harbor Bond Fund .....	2	-	31	33	2	-	31	33
Small Craft Harbor Improvement Fund .....	10	-	1,516	1,526	11	-	1,602	1,613
State Coastal Conservancy Fund .....	634	-	-	634	3,551	-	-	3,551
Uninsured Employers Fund .....	2,513	-	-	2,513	297	-	-	297
State University and Colleges Continuing Education Revenue Fund .....	51	-	18,456	18,507	101	-	18,091	18,192
State University and Colleges Dormitory Building Maintenance and Equipment Reserve Fund .....	-	-	-	-	-	-	-	-
State University and Colleges Dormitory Construction Fund .....	30	-	16,116	16,146	29	-	17,406	17,435
State University and Colleges Dormitory Interest and Redemption Fund .....	394	-	25,466	25,860	385	-	11,647	12,032
State University and Colleges Dormitory Revenue Fund .....	41	-	16,461	16,502	40	-	16,044	16,084
State University and Colleges Facilities Revenue Fund .....	713	-	38,459	39,172	713	-	41,427	42,140
State University and Colleges Parking Revenue Fund .....	2	-	289	291	1	-	319	320
State University and Colleges Toll Revenue Fund .....	2	-	2,178	2,180	2	-	2,342	2,344
Toll Bridge Construction Fund .....	9	13,630	73,151	86,790	9	8,660	73,957	82,626
Unemployment Compensation Disability Fund .....	11	-	207,578	207,589	10	-	326,314	326,324
Veterans Debuture Revenue Fund .....	2	33,634	23,228	56,864	1	33,683	40,054	73,738
Indemnity-Veterans Fund .....	1	-	4,124	4,125	1	-	3,871	3,872
Veterans Farm and Home Building Fund of 1943 .....	111	-	258,509	258,620	110	-	502,987	503,097
Veterans Farm and Home Building Fund of 1970 .....	-	-	-	-	-	-	-	-
Vincent Thomas Bridge Construction Fund <sup>1</sup> .....	-	-	-	-	-	-	-	-
Vincent Thomas Bridge Toll Revenue Fund .....	1	-	663	664	1	-	1,883	1,884
Working Capital and Revolving Funds								
Agriculture Building Fund .....	626	-	-	626	729	-	-	729
Architecture Revolving Fund .....	39,526	-	-	39,526	40,034	-	-	40,034
Ballot Paper Revolving Fund .....	233	-	-	233	252	-	-	252
California Industries for the Blind Manufacturing Fund .....	-	-	-	-	-	-	-	-
Community College District Organization Revolving Fund .....	200	-	-	200	200	-	-	200
County Formation Revolving Fund .....	152	-	-	152	122	-	-	122
County Formation Revolving Fund .....	59	-	-	59	74	-	-	74
General Obligation Bond Expense Revolving Fund .....	1,113	-	-	1,113	402	-	-	402
Health and Welfare Agency Data Center Revolving Fund .....	2	-	1,298	1,300	2	-	1,481	1,483
Housing Predevelopment Loan Fund .....	2	-	4,653	4,655	1	-	5,664	5,665
Mobilehome Manufactured Home Revolving Fund .....	2	-	-	2	1	-	-	1
Old Age and Survivors Insurance Revolving Fund .....	4,398	-	-	4,398	98,318	-	-	98,318

<sup>1</sup> Merged with Vincent Thomas Bridge Toll Revenue Fund

• Dollars in thousands



## STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	June 30, 1983			June 30, 1984		
	Due from Surplus Money Investment Fund *			Due from Surplus Money Investment Fund *		
Fund	Cash *	Securities *	Totals *	Cash *	Securities *	Totals *
Public Building Construction Fund .....	89	-	6,684	48	-	7,463
Public School District Organization Revolving Fund .....	296	-	296	369	-	369
Revolving Loan Fund .....	4	-	4	3	-	3
Rehabilitation Revolving Loan Guarantee Fund .....	2	-	373	2	-	407
Service Revolving Fund .....	20,626	-	20,626	27,216	-	27,216
Solar Energy Revolving Loan Fund .....	-	-	-	-	-	-
State Clean Water Grants Administration Revolving Fund .....	254	-	254	254	-	254
State Expenditure Revolving Fund .....	113	-	113	26,272	-	26,272
State Payroll Revolving Fund .....	371,735	-	371,735	409,249	-	409,249
State Personnel Board Cooperative Personnel Services Fund .....	132	-	132	19	-	19
Prison Industries Revolving Fund .....	2,160	-	2,160	6,313	-	6,313
State Water Quality Control Fund .....	4,444	-	4,444	2,978	-	2,978
Surplus Property Revolving Fund .....	25	-	10,518	26	-	6,810
Surplus Money Investment Fund .....	2,709,111	-	2,709,111	4,822,751	-	4,822,751
Stephen P. Teale CDC Revolving Fund .....	585	-	585	2,604	-	2,604
University of California Teaching Hospital Fund .....	-	-	-	-	-	-
Water Resources Revolving Fund .....	50	-	362	50	-	2,537
Water Resources Control Board Revolving Fund .....	104	-	104	44	-	44
Welfare Advance Fund .....	-	-	-	1,215	-	1,215
Bond Funds						
California Safe Drinking Water Fund .....	35,361	-	35,361	9,573	-	9,573
Health Science Facilities Construction Program Fund .....	1	-	1,593	1	-	1,496
Parklands Fund of 1980 .....	46,144	-	46,144	40,244	-	40,244
New Prison Construction Fund .....	95,847	-	95,847	42,531	-	42,531
Public School Building Loan Fund .....	-	-	-	-	-	-
Recreation & Fish & Wildlife Enhancement Fund .....	5,160	-	5,160	4,655	-	4,655
California Alternative Energy Source Fund .....	10	-	10	24	-	24
State Beach, Park, Recreational and Historical Facilities Fund .....	2,492	-	2,492	2,204	-	2,204
State Beach, Park, Recreational and Historical Facilities Fund of 1974 .....	2,168	-	2,168	10,667	-	10,667
State Clean Water Fund .....	24,511	-	24,511	18,651	-	18,651
State Construction Program Fund .....	2,602	-	2,602	2,379	-	2,379
State Clean Water and Water Conservation Fund .....	47,393	-	47,393	36,366	-	36,366
State School Building Aid Fund .....	20,756	-	20,756	21,589	-	21,589
State, Urban, and Coastal Park Fund .....	15,799	-	15,799	22,867	-	22,867
State School Building Lease-Purchase Fund .....	124,991	-	124,991	153,860	-	153,860
Retirement Funds						
Judges' Retirement Fund .....	57	15,119	15,176	608	4,796	5,404
Legislators' Retirement Fund .....	263	95,236	95,499	253	51,212	51,465
Public Employees' Retirement Fund .....	70,795	23,576,936	23,647,731	61,079	28,601,987	28,663,066
Teachers' Retirement Fund .....	64,917	13,515,951	13,580,868	60	12,836,524	13,953,903
Trust and Agency Funds—Federal						
Federal Revenue Sharing Fund .....	1	-	5,367	1	-	5,645
California Traffic Safety Program Fund .....	-	-	-	-	-	-
Public Health Federal Fund .....	3,296	-	3,296	818	-	818
Social Welfare Federal Fund .....	45,912	-	45,912	49,608	-	49,608
Unemployment Administration Fund .....	13,877	-	13,877	453	-	453
Unemployment Fund .....	528	-	528	216	-	216
United States Flood Control Receipts Fund .....	-	-	-	-	-	-
United States Forest Reserve Fund .....	-	-	-	-	-	-
United States Grazing Fees Fund .....	-	-	-	-	-	-
Vocational Education Federal Fund .....	286	-	286	4,566	-	4,566
Vocational Rehabilitation Federal Fund .....	2,233	-	2,233	575	-	575
Federal Trust Fund .....	38,150	-	38,150	82,969	-	82,969
Federal Block Grant Fund .....	67	-	67	18	-	18

• Dollars in thousands

## STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

Fund	June 30, 1983			June 30, 1984		
	Cash *	Securities *	Surplus Money Investment Fund *	Cash *	Securities *	Surplus Money Investment Fund *
Trust and Agency Funds—Other						
County Medical Services Program	1	-	17,433	1	-	16,897
County Health Services Fund	9,442	-	6,425	-	-	-
Medically Indigent Services Account	22,798	-	-	8,710	-	-
Assessment Fund	-	-	-	-	-	-
California Health Facilities Authority Fund	-	-	1,201	-	-	2,175
California Election Campaign Fund	406	-	406	192	-	192
California Public Broadcasting Fund	347	-	347	123	-	123
School Employees Fund	10	-	28,088	-	-	20,010
Community College Instructional Improvement Fund	592	-	-	516	-	516
Condemnation Deposits Fund	396	-	24,013	465	-	26,591
Educational Facilities Authority Fund	-	-	-	-	-	465
Health Care Deposit Fund	200	-	-	200	-	-
Industrial Relations Unpaid Wage Fund	-	-	88	-	-	200
Deferred Compensation Plan Fund	1	363,289	11,004	1	424,042	151
Housing Rehabilitation Insurance Fund	5	420	1,522	5	420	11,783
Inmates Welfare Fund	2	-	72	1	-	2,314
Small Business Expansion Fund	311	-	-	355	-	102
Interstate Collection Incentive Fund	2	-	16,696	2	-	355
Litigation Deposit Fund	1	-	2,246	2	-	18,966
California Economic Development Grant and Loan Fund	48	-	-	46	-	2,631
Immunization Adverse Reaction Fund	1,023,231	-	-	1,082,154	-	46
Local Agency Investment Fund	1	-	331	1	-	1,082,154
Land Purchase Fund	630	-	-	4,008	-	292
Farmworker Housing Grant Fund	3,254	-	-	4,638	-	4,008
Forest Resources Improvement Fund	2	-	3,374	1	-	4,638
Housing Rehabilitation Loan Fund	18	2,273	6,517	17	2,949	6,828
Pollution Control Financing Authority Fund	-	-	-	-	-	8,236
Local Agency Code Enforcement and Rehabilitation	1	-	9,373	1	-	6,698
Local Public Entity Employees Fund	1	-	135	1	-	25,246
County Jail Capital Expenditure Fund	1,873	-	-	1,864	-	1,864
Local Agency Indebtedness Fund	2	-	4,866	2	-	4,005
Homeownership Assistance Fund	3	-	41,142	4	-	-
Small Business Loan Reserve Fund	1,069	-	-	1,060	-	40,850
Rental Housing Construction Incentive Fund	4,175	-	-	4,175	-	1,060
Nutrition Reserve Fund	308	-	-	308	-	4,965
Renewable Resources Investment Fund	34,965	21	123,355	44,022	19	1,171
Santa Monica Mountains Conservancy Fund	10,068	-	-	10,068	-	158,233
Special Deposit Fund	-	-	-	-	-	972
State Child Nutrition Fund	1	-	7	1	-	10
Student Security Trust Fund	10	-	675	10	-	883
California State University and Colleges Special Project Fund	10	-	14,105	11	-	13,337
California State University and Colleges Trust Fund	2	12,002	-	1	19,155	-
State Fair Contingent Fund	21	-	-	21	-	19,156
State Employees Contingency Reserve Fund	309	-	41,212	325	-	64,617
State Guaranteed Loan Reserve Fund	21	-	100	3	-	425
State Park Contingent Fund	40,159	-	-	224	-	100
Student Loan Authority Fund	1,379	-	-	2,065	-	3
State Instructional Materials Fund	-	-	-	-	-	224
State School Site Utilization Fund	-	-	-	-	-	2,065
Support Enforcement Incentive Fund	-	-	-	-	-	-
Tax-Deeded Land Rental Trust Fund	-	-	-	-	-	-
Student Tuition Recovery Fund	41	-	-	1	-	128

\* Dollars in thousands



## STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY—Continued

	June 30, 1983		June 30, 1984	
	Due from Surplus Money Investment		Due from Surplus Money Investment	
Fund	Cash *	Securities *	Cash *	Securities *
State School Deferred Maintenance Fund	2,957	-	514	-
Volunteer Firefighters Length of Service Award Fund	-	250	-	282
Teacher Tax Shelter Annuity Fund	25	184,775	29	194,574
Timber Tax Fund	1	-	1	-
Timber Tax Reserve Fund	2	-	21	-
Traffic Adjudication Fund	1,557	-	1,557	-
Unclaimed Property Fund	501	625	500	338
Urban Housing Development Loan Fund	1	-	2	-
TOTALS, NONGOVERNMENTAL COST FUNDS	\$5,009,581	\$39,742,862	\$7,170,772	\$44,101,113
		\$1,913,271		\$3,490,313
		\$46,665,714		\$54,762,198
GOVERNMENTAL COST FUNDS				
General Fund	-	-	-	-
Transportation Funds	22,393	535,323	546,670	-
Other Special Funds	291,338	1,436	1,239	990,824
		186,221	518,135	244,601
OTHER BALANCES				
Agency Bank Accounts	221,850	-	463,630	-
Uncleared Collections	2,109	-	588	-
Outstanding Warrants	433,848	-	415,730	-
Fiscal Agents	892,259	-	93,193	-
Pooled Money Investment Account	-5,132,412	5,132,412	-8,565,438	8,565,438
Time Deposits in Banks	-628,135	628,135	-676,225	676,225
TOTALS	\$1,112,831	\$45,504,845	-\$31,706	\$53,359,706
		\$2,634,815		\$4,725,738
		\$49,252,491		\$58,053,738

\* Dollars in thousands



**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1983-84, 1984-85, AND 1985-86**  
(In thousands of dollars)

<i>Purpose and Legal Citation</i>	<i>Actual 1983-84 Special funds</i>	<i>Total</i>	<i>General Fund</i>	<i>Estimated 1984-85 Special funds</i>	<i>Total</i>	<i>General Fund</i>	<i>Estimated 1985-86 Special funds</i>	<i>Total</i>
<b>AUTHORIZED BY CONSTITUTION</b>								
<b>STATE OPERATIONS</b>								
<b>OTHER GOVERNMENTAL SERVICES</b>								
Debt Service	-	318,663	318,663	-	378,671	378,671	-	486,396
Bond Interest and Redemption	-	318,663	318,663	-	378,671	378,671	-	486,396
<b>TOTALS, CONSTITUTIONAL REQUIREMENT</b>	-	318,663	318,663	-	378,671	378,671	-	486,396
<i>Totals, State Operations</i>	-	318,663	318,663	-	378,671	378,671	-	486,396
<b>AUTHORIZED BY STATUTES</b>								
<b>STATE OPERATIONS</b>								
<b>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>								
Legislative								
Senate								
Government Code Section 9129	32,369	32,369	-	47,404	47,404	-	59,326	59,326
Less Transfer From General Fund	-30,165	-30,165	-	-42,651	-42,651	-	-59,326	-59,326
Assembly								
Government Code Section 9129	42,541	42,541	-	62,074	62,074	-	76,456	76,456
Less Transfer From General Fund	-46,197	-46,197	-	-54,143	-54,143	-	-76,456	-76,456
Joint Expenses								
Item 10.1, Budget Act of 1967	16,303	16,303	-	4,428	4,428	-	-	-
Less Transfer From General Fund	-17,054	-17,054	-	-	-	-	-	-
Contributions to Legislator Retire Fund	-	-	-	-	-	-	-	-
Government Code Section 9358	-	644	644	796	796	882	-	882
Judicial								
Contributions to Judges Retirement Fund	-	-	-	-	-	-	-	-
Government Code Section 75101	-	596	596	579	579	610	-	610
<b>STATE AND CONSUMER SERVICES</b>								
Franchise Tax Board								
Fish & Game Code, Article 4 (Ch. 1058, Statutes of 1983)	32	32	-	-	-	-	-	-
<b>BUSINESS, TRANSPORTATION, AND HOUSING</b>								
Business								
Dept of Housing & Community Development								
Health & Safety Code Sec 18702.5	34	34	-	100	100	-	-	-
<b>RESOURCES</b>								
Energy Resources Conservation & Dev Com								
Public Resources Code Sec 25637	102	102	-	-	-	-	-	-
Renewable Resources Investment Program								
Public Resources Code Section 3825								
(transfer to Renewable Resources Inv)	2,680	2,680	-	3,116	3,116	-	1,531	1,531
Department of Water Resources								
Water Code Section 12938	2,978	2,978	-	7,038	7,038	-	7,383	7,383
<b>HEALTH AND WELFARE</b>								
Dept of Health Services								
Health and Safety Code Sec 527	30	30	-	-	-	-	-	-
Employment Development Dept								
Unemployment Insurance Code Sec 1596	179	179	-	-	-	-	-	-
Unemployment Insurance Code Sec 1590 (transfer to Unemployment Comp Dis Fd)	2,408	2,408	-	-	-	-	-	-
Unemployment Insurance Code Sec 1590 (transfer to Unemployment Fund)	15,284	15,284	-	-	-	-	-	-

## Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued**

(In thousands of dollars)

Purpose and Legal Citation	Actual 1983-84 Special funds	Total	General Fund	Estimated 1984-85 Special funds	Total	General Fund	Estimated 1985-86 Special funds	Total
<b>EDUCATION</b>								
K Thru 12 Education								
Department of Education								
Education Code Section 41301.3(a) .....	555	1,110	-	-	-	-	-	-
Education Code Section 41304(a), Driver								
Training .....	88	88	-	-	-	-	-	-
Less Transfer From the General Fund ..	-555	-555	-	-	-	-	-	-
<b>OTHER GOVERNMENTAL UNITS</b>								
Regulatory								
California Auctioneer Commission								
Section 5717, Business and Professions								
Code .....	112	112	-	-	-	-	-	-
California Exposition and Fairs								
Business & Professions Code								
Section 19622 .....	265	265	-	265	265	-	265	265
Dept of Food and Agriculture								
Food & Agriculture Code Sec 211 .....	-	-	-	-	-	-	-	-
Food & Agriculture Code Sec 221 .....	13,707	13,707	-	37,464	37,464	-	39,627	39,627
Food & Agriculture Code Sec 32945 .....	310	310	-	344	344	-	370	370
Fair Political Practices Commission								
Government Code Section 83122 .....	1,959	1,959	2,214	-	2,214	2,271	-	2,271
Public Utilities Commission								
Revenue & Taxation Code Sec 44181 .....	-	-	-	18	18	-	63	63
General Administration								
Board of Control								
Government Code Section 13967 .....	-	-	-	14,337	14,337	-	15,054	15,054
<b>OTHER GOVERNMENTAL SERVICES</b>								
Debt Service								
Payment of Interest on Gen Fund Loans								
Government Code Sec-								
tion 17300-17313 .....	45,858	45,858	84,000	-	84,000	60,000	-	60,000
Savings								
Statewide Gen. Adm Exp (pro Rata)								
Government Code Sec 13332.03								
(Automotive Repair Fund) .....	-	-	-	23	23	-	-	-
Government Code Sec 13332.03								
(Corrections Training Fund) .....	82	82	-	14	14	-	-	-
Government Code Sec 13332.03								
(Energy & Resources Fund) .....	49	49	-	56	56	-	-	-
Government Code Sec 13332.03								
(Energy Act, Energy & Resources								
Fd) .....	180	180	-	126	126	-	-	-
Government Code Sec 13332.03								
(Energy Resources Programs Act)								
Government Code Sec 13332.03	297	297	-	25	25	-	5	5
Government Code Sec 13332.03								
(Environmental License Plate Fund)								
Government Code Sec 13332.03	399	399	-	136	136	-	217	217
Government Code Sec 13332.03								
(Fair & Exposition Fund)								
Government Code Sec 13332.03	-	-	-	2	2	-	-	-
(Olympic ReflectORIZED Lic Plate								
Act) .....	-	-	-	-	-	-	19	19
Government Code Sec 13332.03								
(Renewable Resources Energy Ag								
Act) .....	39	39	-	-	-	-	-	-
Government Code Sec 13332.03								
(Resources Act, Energy & Resources								
Fd) .....	330	330	-	432	432	-	16	16
Government Code Sec 13332.03								
(Transportation Planning & Develop								
Act) .....	30	30	-	-	-	-	-	-
Government Code Sec 13332.03								
(Vehicle Inspection Fund) .....	-	-	-	63	63	-	-	-

## Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued**  
(In thousands of dollars)

Purpose and Legal Citation	Actual 1983-84 Special funds	Total	General Fund	Estimated 1984-85 Special funds	Total	General Fund	Estimated 1985-86 Special funds	Total
<b>CAPITAL OUTLAY</b>								
<b>RESOURCES</b>								
Wildlife Conservation Board								
Fish & Game Code Section 1352	519	519	-	-	-	-	-	-
Department of Water Resources								
Water Code Section 12938	380	380	-	20,274	20,274	-	20,073	20,073
<b>LOCAL ASSISTANCE</b>								
<b>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>								
Judicial								
Contributions to Judges Retirement Fund								
Government Code Section 75101	-	5,994	5,994	-	6,730	6,730	-	7,230
Executive/Governor								
Office of Emergency Services								
Government Code Sections 8690.2, 8690.4 & 8690.5	4,694	4,694	-	3,500	3,500	-	15,135	15,135
<b>BUSINESS, TRANSPORTATION, AND HOUSING</b>								
Transportation								
Dept of Transportation								
Public Utilities Code Section 21680	2,500	2,500	-	2,860	2,860	-	1,600	1,600
(Airport Acquisition/Development)								
Public Utilities Code Section 21680	945	945	-	940	940	-	940	940
(Cities, Counties, Airport Districts)								
<b>HEALTH AND WELFARE</b>								
Dept of Social Services								
Welfare and Institutions Code Section 15200.7 (Ch 1151, Statutes of 1983)	-	-	-	-	178	-	-	-
<b>EDUCATION</b>								
K Thru 12 Education								
Department of Education								
Education Code Section 14002	7,906,918	7,906,918	-	8,671,455	8,671,455	-	9,528,493	9,528,493
Education Code Section 41900	15,720	15,720	-	-	-	-	-	-
Less Transfer From General Fund	-7,879,999	-7,879,999	-	-	-	-	-	-
Driver Training Penalty Assessment Fund	-	-	-	-8,644,567	-8,644,567	-	-9,482,105	-9,482,105
Less Transfer From the Motor Vehicle Account State Transportation Fund	-15,720	-15,720	-	-	-	-	-	-
Contributions to Teachers Retire Fund	-	-	-	-	-	-	-	-
Education Code Section 23401	-	-	-	-	-	227,499	-	227,499
Education Code Section 23402	-	-	-	-	-	100,000	-	100,000
Education Code Sections 23401 & 23402	338,671	338,671	-	-	-	-	-	-
School Facilities Aid Program								
Education Code Section 17735	3,071	3,071	-	1,500	1,500	-	1,500	1,500
(Lease-Purchase Fees)								
Education Code Section 17735	-	-	-	140,422	140,422	-	140,483	140,483
(Tidelands Oil Revenue)								
Education Code Section 17780	-	-	-	-	-	-	-	-
(Transfer to School Deferred Maint Fd)	90,138	90,138	90,802	-	90,802	71,166	-	71,166
Less Transfer From the General Fund	-26,891	-26,891	-	-	-	-	-	-
Debt Service Public Sch Building Bonds								
Education Code Section 16080	1,669	1,669	-	1,867	1,867	-	1,900	1,900
Education Code Sections 15903, 16403, 16504, 16604, 16804, 17006, Et AL	-90,138	-90,138	-90,802	-	-90,802	-71,166	-	-71,166



## Schedule 12

COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1983-84, 1984-85, AND 1985-86—Continued

(In thousands of dollars)

Purpose and Legal Citation	Actual 1983-84		Estimated 1984-85		Estimated 1985-86	
	General Fund	Total	General Fund	Special funds	General Fund	Special funds
Higher Education						
Bd of Governors of Calif Comm Colleges						
Article 9, Sec 6, Education Code						
Part 50, Chapter 4.5, & Ch 323.76 ....	-	1,062,630	-	1,066,036	-	1,140,762
Education Code Section 12320	-	4,752	-	4,751	-	4,751
(Federal Oil & Mineral Revenue) ..	-	-1,062,630	-	-1,066,036	-	-1,140,762
Less Transfer From General Fund .....						
OTHER GOVERNMENTAL UNITS						
Regulatory						
Dept of Food and Agriculture						
Business & Professions Code Sec 12539 ..	-	-	-	45	-	45
Food and Agriculture Code Section 12844	-	-	-	-	-	4,633
Food and Agriculture Code Section 224 (c)	-	-	-	2,344	-	3,799
Financial Assistance to Local Fairs						
Business & Professions Code Sec 19622 (b)	-	250	-	250	-	250
(L.A. County Fair) .....						
Business & Professions Code Sec 19622 (c)	-	250	-	250	-	250
(District 1 - A Agricultural Assoc) ....						
Business & Professions Code Sec 19622 (d)	-	125	-	125	-	125
(District 48 Agricultural Assoc) .....						
Business & Professions Code Sec 19626	-	150	-	150	-	150
(Citrus Fruit Fairs) .....						
Business & Professions Code Sec 19627	-	6,460	-	6,460	-	6,460
(County & District Agricultural As-						
soc) .....						
Business & Professions Code Sec 19627.2	-	303	-	1	-	-
Business & Professions Code Sec 19627.3	-	2,172	-	2,352	-	2,250
Business & Professions Code Sec 19630 ..	-	2,553	-	9,208	-	5,790
General Administration						
Commission on State Mandates						
Government Code Section 17614	-	-	-	10,000	-	5,000
(Ch 1459/84) .....				-10,000	-	-5,000
Less Transfer From General Fund .....						
OTHER GOVERNMENTAL SERVICES						
Tax Relief						
General Tax Relief						
Government Code, Section 16100	79,732	79,732	-	-	-	-
(Ch. 983, Statutes of 1983) .....						
Local Government Financing						
Government Code Sec 16111 (a)	-	-	72,800	-	49,500	-
(Chapter 447/84) .....						
Revenue Distributions						
Shared Revenues						
Apportionment Hwy Prop Rental Receipts						
Streets & Highways Code Sections 104.6	-	3,314	-	3,400	-	3,200
& 104.10 .....						
Apportionment Off Highway License Fees	-	634	-	778	-	836
Vehicle Code Sections 38230 & 38240 .....						
Apportionment of Trailer Coach Fees	-	-	-	-	-	-
Revenue & Taxation Code Sections						
11003.3 & 11005 .....	-	20,847	-	22,870	-	20,970
Apportionment Motor Vehicle License Fee						
Revenue & Taxation Code Sections						
11003.3 & 11005 .....	-	474,589	-	1,135,894	-	1,260,019
Apportionment Cigarette Tax						
Revenue & Taxation Code	-	75,753	-	78,200	-	77,000
Section 30462 .....						
Apportionment Tideland Revenues						
Public Resources Code Section 6817 .....	369	369	500	-	500	500
Apportionment for County Roads						
Streets & Highways Code Section 2104 ..	-	261,038	-	248,800	-	249,300

## (In thousands of dollars)

Purpose and Legal Citation	Actual 1983-84		Estimated 1984-85		Estimated 1985-86	
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Apportionment for City Streets & Highways Code Sections 2107 & 2107.5 .....	-	190,234	190,234	-	178,326	178,326
Apportionment County Road & City Street Streets & Highways Code Section 2106 ..	-	121,087	121,087	-	113,540	113,540
Apportionment of Geothermal Res Develop Public Resources Code Section 34000 .....	-	3,490	3,490	-	4,155	4,155
Unclassified	-	-	-	-	1,950	1,950
Universal Telephone Service Program Section 4118, Revenue & Tax Code (Chapter 1143, Statutes of 1983) .....	-	-	-	-	26,200	26,200
<b>UNCLASSIFIED</b>						
<b>RESOURCES</b>						
Dept of Boating & Waterways Revenue & Taxation Code Sec 8352(g) (transfer From Motor Vehicle Account)	-	12,021	12,021	-	11,500	11,500
TOTALS, STATUTORY AUTHORIZATIONS	474,466	1,231,152	1,705,618	167,797	2,127,481	2,295,278
Totals, State Operations .....	49,700	37,324	87,024	87,589	80,671	168,260
Totals, Capital Outlay .....	-	899	899	-	20,274	20,274
Totals, Local Assistance .....	424,766	1,190,908	1,605,674	80,208	2,015,036	2,095,244
Totals, Unclassified .....	-	12,021	12,021	-	11,500	11,500
TOTAL AUTHORIZED BY CONSTITUTION	793,129	1,231,152	2,024,281	546,468	2,127,481	2,673,949
Totals, State Operations .....	368,363	37,324	405,687	466,260	80,671	546,931
Totals, Capital Outlay .....	-	899	899	-	20,274	20,274
Totals, Local Assistance .....	424,766	1,190,908	1,605,674	80,208	2,015,036	2,095,244
Totals, Unclassified .....	-	12,021	12,021	-	11,500	11,500
TOTALS, BUDGET ACT AND OTHER AUTHORIZATIONS	22,076,097	2,296,258	24,372,355	25,035,712	2,824,763	27,860,475
Totals, State Operations .....	4,317,496	1,749,442	6,066,938	5,316,490	1,989,788	7,306,278
Totals, Capital Outlay .....	68	374,476	172,408	7,952	467,296	475,238
Totals, Local Assistance .....	17,758,543	374,476	18,133,019	19,711,270	378,766	20,090,036
Totals, Unclassified .....	-	-	-	-	-11,077	-11,077
TOTALS, ALL AUTHORIZATIONS	22,869,226	3,527,410	26,396,636	25,582,180	4,952,244	30,534,424
TOTALS, ALL AUTHORIZATIONS	22,869,226	3,527,410	26,396,636	27,863,985	5,265,669	33,130,654

# Schedule 13

## STATEMENT OF BONDED DEBT OF THE STATE OF CALIFORNIA AS OF DECEMBER 31, 1984

### GENERAL OBLIGATION BONDS

(This statement does not include bonds issued under authority of State instrumentalities that are not general obligations of the State of California)

Name of issue	Percent rate of interest	Maturity	Authorized *	Unsold *	Redemptions *	Outstanding *
<b>GENERAL FUND BONDS</b>						
State Construction Program Bonds	05-5.8	1959-1994	\$1,050,000	-	\$810,750	\$239,250
State Higher Education Construction Program Bond Act of 1966	3.5-6.5	1968-1993	230,000	-	157,585	72,415
Junior College Construction Program Bond Act of 1968	3.5-5.8	1970-1991	65,000	-	44,000	21,000
Health Science Facilities Bond Act of 1971	3.75-6.0	1974-1998	155,000	-	58,520	97,380
Community College Construction Program Bond Act of 1972	3.75-6.5	1974-1997	160,000	-	75,250	84,750
State Beach, Park, Recreational and Historical Facilities Bonds	3.1-11.0	1967-2002	400,000	-	191,080	208,920
Recreation and Fish and Wildlife Enhancement Bond Act of 1970	4.0-6.5	1972-1995	60,000	-	32,500	27,500
Fish and Wildlife Habitat Enhancement Act of 1984	-	-	\$85,000	-	-	-
California Clean Water Bond Act of 1970	3.5-6.5	1972-1997	250,000	10,000	124,000	116,000
California Clean Water Bond Act of 1974	4.4-11.0	1978-2000	325,000	20,000	60,875	169,125
California Clean Water Bond Act of 1984	-	-	375,000	145,000	31,055	-
California Clean Water and Water Conservation Bond Law of 1978	6.2-11.0	1981-2002	175,000	35,000	6,015	133,985
California Safe Drinking Water Bond Law of 1976	5.25-11.0	1981-2012	75,000	-	-	-
California Safe Drinking Water Bond Law of 1984	-	-	280,000	30,000	55,465	194,535
State Urban and Coastal Park Bond Act of 1976	4.2-11.0	1982-2002	285,000	95,000	20,105	169,895
Parklands Acquisition and Development Program Bond Act of 1980	7.0-11.0	1985-2004	370,000	-	-	25,000
California Park and Recreational Facilities Act of 1984	7.5-11.0	1983-2002	485,000	295,000	15,000	185,000
New Prison Construction Bond Act of 1981	7.0-11.0	1985-2004	300,000	200,000	-	100,000
New Prison Construction Bond Act of 1984	7.25-11.0	1985-2004	280,000	205,000	-	75,000
County Jail Capital Expenditure Bond Act of 1981	6.0-11.0	-	250,000	250,000	-	-
County Jail Capital Expenditure Act of 1982	-	-	200,000	185,000	-	15,000
First Time Home Buyers Bond Act of 1982	-	-	85,000	85,000	-	-
Lake Tahoe Acquisitions Bond Act	-	-	500,000	145,000	13,375	341,625
State School Building Lease-Purchase Bond Law of 1982	7.5-11.0	1985-2004	450,000	450,000	-	-
State School Building Lease-Purchase Bond Law of 1984	-	-	100,000	100,000	-	-
Hazardous Substance Cleanup Bond Act of 1984	-	-	50,000	50,000	-	-
Senior Center Bond Act of 1984	-	-	-	-	-	-
Totals, General Fund Bonds			\$7,300,900	\$3,130,000	\$1,695,575	\$2,475,325
<b>PARTIALLY SELF-LIQUIDATING BONDS<sup>1</sup></b>						
State School Building Bonds	05-9.0	1955-2001	\$2,140,000	\$40,000	\$1,485,835	\$614,165
California Water Resources Development Bond Act of 1959	05-6.75	1973-2022	\$1,750,000	\$180,000	\$148,405	\$1,421,595
<b>HARBOR BONDS</b>						
San Francisco Harbor Improvement and India Basin Act of 1969	1.5-4.0	1941-1989	\$29,303	-	\$28,558	\$745
Harbor Development Bond Law of 1958 <sup>3</sup>	1.0-5.5	1964-1998	60,000	-	42,760	17,240
Totals, Harbor Bonds			\$89,303	-	\$71,318	\$17,985
<b>VETERANS FARM AND HOME BUILDING BONDS</b>						
Veterans Bonds	05-11.0	1958-2008	\$5,100,000	\$340,000	\$1,887,300	\$2,872,700
Totals, Self-Liquidating Bonds			\$9,079,303	\$560,000	\$3,592,858	\$4,926,445
<b>TOTALS, ALL GENERAL OBLIGATION BONDS</b>			<b>\$16,380,203</b>	<b>\$3,690,000</b>	<b>\$5,288,433</b>	<b>\$7,401,770</b>

<sup>1</sup> The state school building issues debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes.

<sup>2</sup> The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service expenditures.

<sup>3</sup> The Harbor Development Bond Law of 1958 includes an authorization of \$50,000,000 for San Francisco harbor development and \$10,000,000 for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.













